

Cosmo Energy Holdings Co., Ltd. Results for Fiscal Year 2021

May 12, 2022

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Highlights FY2021 Results and FY2022 Forecast

Highlights of FY2021 Results and FY2022 Forecast

<FY2021 Results>

- ✓ The Company maintained a high refinery utilization rate (rate for FY2021/SD basis: 99.3%,) based on a short position strategy.
- ✓ Profit increased sharply mainly due to the positive time lag of the margins of the four major products due to rising crude oil prices.
- ✓ Ordinary profit, excluding inventory impact, rose ¥84.2 billion year on year, to ¥160.8 billion. Profit attributable to owners of parent increased ¥53.0 billion year on year, to ¥138.9 billion. Both ordinary profit and profit attributable to owners of parent achieved new record highs.

<FY2022 Forecast>

- ✓ Ordinary profit and profit attributable to owners of parent excluding inventory impact are expected to reach ¥155.0 billion and ¥93.0 billion respectively.
- ✓ The Company expects to achieve all the targets set in the 6th Medium-term Management Plan, including the net worth, net worth ratio and net debt to equity ratio targets.

	FY2021	FY2020	Changes
1 Ordinary profit	233.1	97.4	135.7
2 (Impact of inventory valuation)	72.3	20.8	51.5
3 Ordinary profit excluding the impact of inventory valuation	160.8	76.6	84.2
4 Profit attributable to owners of parent	138.9	85.9	53.0
5 Dubai crude oil price (USD/B)(Apr.-Dec.)	78	45	33

	FY2021	FY2020	Changes
6 Net worth (billion yen)	456.2	324.9	131.3
7 Net worth ratio (%)	23.5%	19.0%	4.5%
8 Net Debt to Equity Ratio (times)	1.04	1.59	-0.55
9 Return On Equity (ROE)	35.6%	30.4%	5.2%
10 Earnings Per Share (EPS) (yen)	1,659	1,026	633

(billion yen)

FY2022 Forecast	Changes
190.0	- 43.1
35.0	- 37.3
155.0	- 5.8
93.0	- 45.9
100	22

FY2022 Forecast	Changes
514.4	58.2
25.7%	2.2%
0.96	-0.08
19.2%	-16.4%
1,228	- 431

(Unit: billion yen)

1 Ordinary income (excluding impact of inventory valuation)	Over 120.0	<input type="radio"/>
2 Profit attributable to owners of parent	Over 50.0	<input type="radio"/>
3 Free cash flow (FY 2018 - FY 2022 Five years total)	Over 150.0	<input type="radio"/>
4 Net worth (Net worth ratio)	Over 400.0 (Over 20%)	<input type="radio"/>
5 Net Debt Equity Ratio	1.0~1.5 times	<input type="radio"/>
6 ROE	Over 10%	<input type="radio"/>

Progress in 6th Consolidated Medium-Term Management Plan

Progress in Structural Reform in Medium-Term Management Plan

- ✓ FY2022 is the final year of the 6th Medium-term Management Plan, and the main measures stated in the Medium-term Management Plan have already been implemented.
- ✓ The Petroleum Business greatly contributed to company-wide earnings with a short position based on beginning to supply petroleum products to Kygnus Sekiyu, which is a major focal point of the Medium-term Management Plan and with the high utilization rate maintained by safe and stable operations.
- ✓ The Renewable Energy Business made steady progress in its expansion of the scale of its onshore wind power sites by starting non-firm connections. The Akita Port & Noshiro Port offshore wind farm, which is the first offshore wind site in Japan, is scheduled to begin operating in the second half of FY2022.

	FY2018	FY2019	FY2020	FY2021	FY2022	Current Topics		
						Segment	Timing	Event
Oil Refining and Sales	Utilizing Chiba Refinery Pipeline					Renewable energy	April 2021	The Chuki onshore wind power site starts commercial operation.
	Safe and stable operation, Improve utilization rate (Regular maintenance reduction·Chiba Refinery 4 year's operation), Synergy creation with petrochemical					Petroleum business	April 2021	The Chiba Refinery is certified as a Super Certified Business Site.
	Achieve no heavy fuel oil production (response to IMO)					Petroleum business	June 2021	Concluded a capital and business alliance with ASF in the EV field.
	Start Supply to Kygnus Sekiyu K.K.					Petroleum business	August 2021	NEDO selected the establishment of a supply chain model for biojet fuel production
	Expansion of vehicle life business					Renewable energy	September 2021	Offshore wind power 3 project were designated "high potential areas" .
Oil E&P	Stable production in existing and the Hail Oil Fields · OPEX reduction					Petroleum business	September 2021	Started sales of the Cosmo Zero Carbon Solution, a package of products including renewable energy and EVs.
						Petroleum business	November 2021	Concluded a business alliance agreement with REXEV Inc. (e-mobility service).
Petrochemical	Enhance competitiveness of basis petrochemical products, Pursue synergy with refinery					Renewable energy	January 2022	Concluded a memorandum of understanding regarding the consideration of collaboration with Masdar, a renewable energy company in the Emirate of Abu Dhabi.
	Start C9 petroleum resin business					Renewable energy	March 2022	Concluded a basic agreement regarding the consideration of collaboration in a hydrogen business with Iwatani Corporation.
Renewable energy	Expand onshore wind firms (Power generation capacity 230,000kW→360,000kW)					Petroleum business	March 2022	Joined ACT FOR SKY, an organization implementing initiatives for the commercialization, popularization and expansion of sustainable aviation fuel (SAF).
	Develop offshore wind farms					Oil E&P business	March 2022	Concluded a memorandum of understanding regarding the consideration of collaboration in CCS/CCUS and other matters with the Abu Dhabi National Oil Company.
New area	Start offshore wind power site project					Petrochemical business	First Half of FY2022	propylene rectifying tower scheduled to start operation.
	Deepen alliances with MIC, Hyundai Oilbank, and CEPESA					Petrochemical business	First Half of FY2022	Chiba Arkon Production plans to begin operating a hydrogenated petroleum resin facility.
New area	Sow the seed to new business					Oil E&P business	Second Half of FY2022	Hail Oil Field plans to implement water injection.
						Renewable energy	Second Half of FY2022	The Akita Port & Noshiro Port offshore wind farm, the first offshore wind site in Japan, plans to begin operations.

■ March 2022 Sale of shares by a major shareholder, MIC

- As certain results were achieved through the strategic alliance with MIC, the shares were sold in line with MIC's intent based on its revised investment strategy.
- Although the capital relationship with MIC was dissolved, the strong trust-based relationship with the Emirate of Abu Dhabi that has continued for more than 50 years will never be dissolved, and the Oil E&P Business in the Emirate of Abu Dhabi continues.
- Going forward, the Company will continue to enhance this strong relationship in the exploration of new oil field Block 4 in the Emirate of Abu Dhabi, the collaboration in the renewable energy field, CCS/CCUS initiatives and other initiatives.
- No impact was observed on the businesses including crude oil procurement and crude oil development.

Current initiatives with the Emirate of Abu Dhabi

◆ January 2022

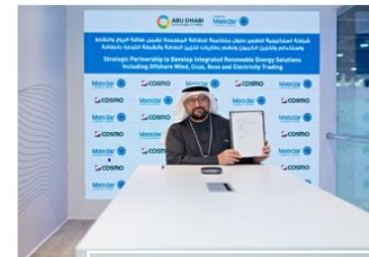
Concluded a memorandum of understanding on the consideration of collaboration with Masdar in the field of decarbonization, for example, offshore wind farms, hydrogen and ammonia. Masdar is a leading renewable energy company in the Emirate of Abu Dhabi.

◆ March 2022

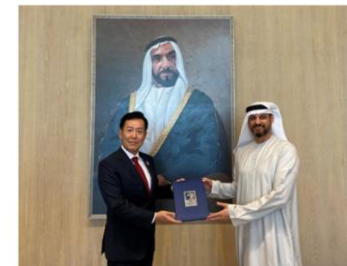
Concluded a memorandum of understanding on the consideration of collaboration with Abu Dhabi National Oil Company in the field of decarbonization, for example, CCS/CCUS.



Mr. Hiroshi Kiriya, Representative Director, Group CEO, Cosmo Energy Holdings Co., Ltd.



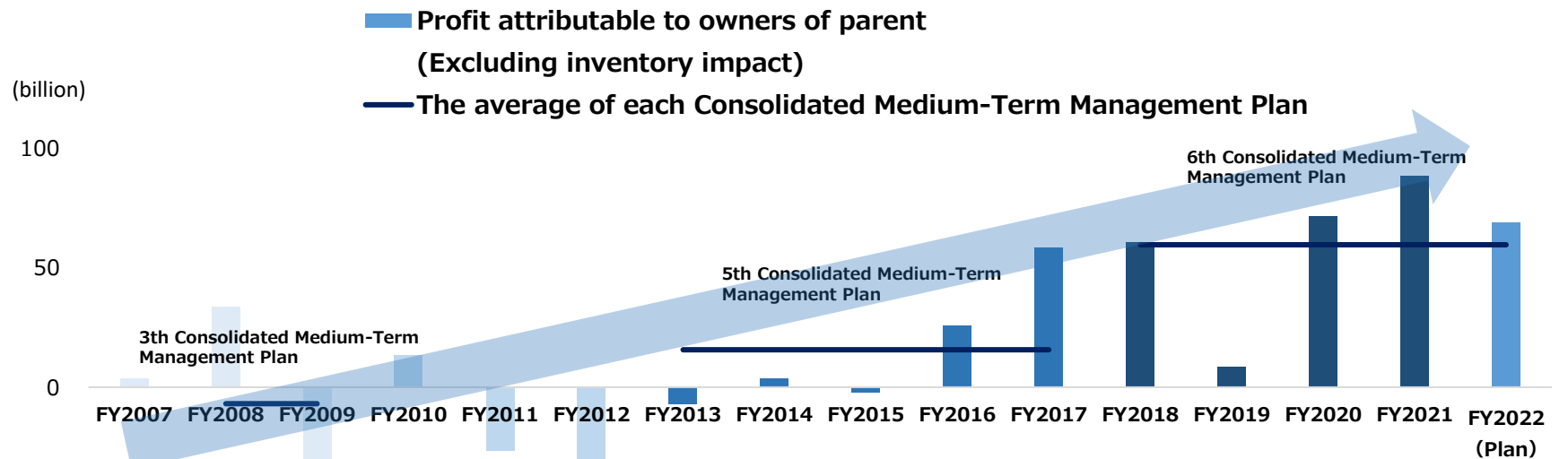
Mr. Ahmed Al Jaber, CEO, Masdar



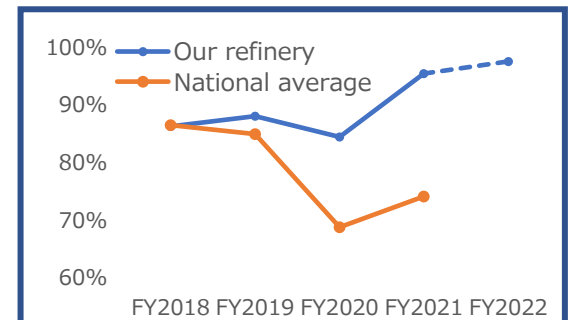
Left: Mr. Katsushi Nishi, President, Representative Director Chief Executive Officer, Cosmo Energy Exploration & Production Co., Ltd.
Right: Mr. Yaser Almazrouei, Upstream Directorate, Abu Dhabi National Oil Company

Strengthening earning power

- ✓ The Company has established a short position, where production is lower than sales volume, by beginning to supply petroleum products to Kygnus Sekiyu in FY2019 in addition to restructuring the supply system (closure of Sakaide Refinery) during the previous Medium-term Management Plan.
- ✓ The high refinery utilization rate that has been maintained significantly improved the earning power of the Petroleum Business and other businesses.

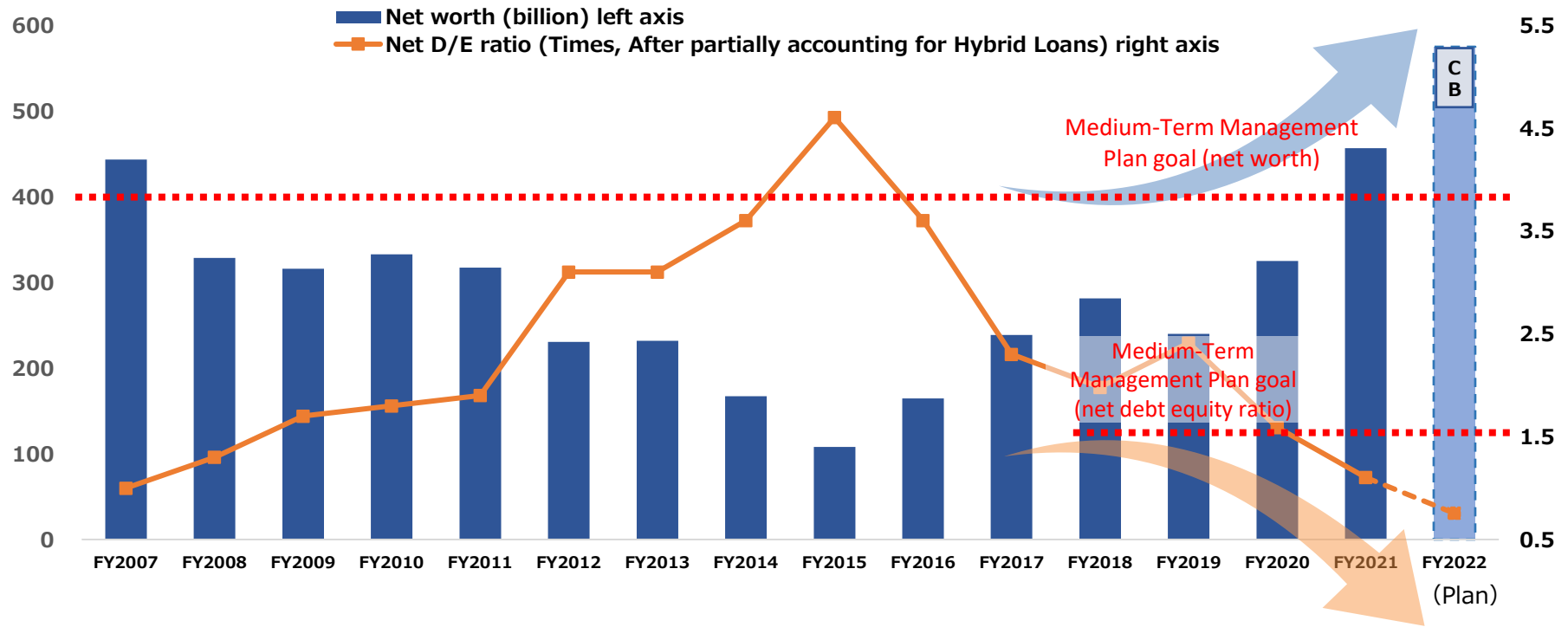


※Calculated after deducting 30% as tax equivalent for the impact of inventory valuation.



Improvement of financial position

- ✓ At the end of FY2021, thanks to significant improvement, the targets for both the net worth and the net debt to equity ratio in the Medium-term Management Plan were achieved ahead of schedule.
- ✓ The Company expects that at the end of FY2022, the final year of the Medium-term Management Plan, they will have further improved.
- ✓ The Company's financial strength will be greater than in FY2007 when the Company achieved a record high financial strength.



Shareholder Return Policy

- ✓ Achieved of the Medium-term Management Plan financial targets on FY2021 ahead of schedule by strengthening earning power.
- ✓ External ratings are BBB+, the Company needs to further strengthen the company's financial strength and get A grade.
On the other hand, it has already achieved a certain level to be able to return to shareholders.
- ✓ Comprehensively consideration above, we will return to shareholders as follows, targeting for 50% of net profit excluding the impact of inventory valuation on FY2022.

Dividend

The Company plans to pay an annual dividend of 150 yen per share (interim dividend 75 yen and year-end dividend 75 yen), +50 yen compared to the previous fiscal year.

Stock Repurchase

The Company plans to repurchase its own stock, total acquisition amount of 20 billion yen as a maximum limit.

(Ratio of the total number of issued and outstanding shares [excluding treasury stock]: 9.55%)

- The Company will announce the shareholder return policy from FY2023 onward in the next medium-term management plan in consideration of the same level of return.

Progress in Renewable Energy Business

Progress in Wind power business

✓ Onshore wind power: 300,000 kW in operation and approximately 600,000 kW under construction and development, with an expected expansion of approximately 900,000 kW by FY2030. Including offshore wind power, the Company aims to exceed 1.5 million kW by FY2030.

Onshore				FY2021	FY2022	To FY2030	After FY2030
Status	Name	Facility capacity					
In operation	Onshore sites(23 areas in Japan)	300,100 kW					
Under construction	Kamiyuchi	Approx. 49,000 kW			Operations scheduled to start in the second half of FY2022		
Under construction	Oita	Approx. 14,000 kW					
Being developed	Abukuma-minami	Approx. 90,000 kW ¹			Operations scheduled to start in the second half of FY2026		
Being developed	Chuki No.2	Approx. 39,000 kW					
Being developed	Shimamaki	Approx. 95,000 kW					
Being developed	Aizuwakamatsu	Approx. 50,000 kW			Operations scheduled to start until FY2030		
Being developed	Enshu(Kakegawa)	Approx. 6,000 kW					
Several other projects in development		Approx. 300,000 kW					
Onshore sites Total		Approx. 900,000 kW	*1 Installed capacity of the whole				
Offshore							
Status	Name	Facility capacity	Subject to the act on renewable energy sea area utilization				
Under construction	Akita Port & Noshiro Port	Approx. 140,000 kW ¹	Harbor area ³		Operations scheduled to start in the second half of FY2022		
Being developed	Offshore northwest of Aomori (The Sea of Japan, offshore near Aomori)	Approx. 600,000 kW ¹	High potential area				
Being developed	Central sea area near Akita (Offshore near Katagami-shi/Akita-shi, Akita)	Up to 500,000 kW ^{1,2}	High potential area				
Being developed	Offshore near Yuza, Yamagata (Offshore near Yuza, Yamagata)	Up to 500,000 kW ^{1,2}	High potential area				
Being developed	Offshore north of Niigata (Offshore near Murakami-shi/Tainai-shi, Niigata)	Up to 400,000 kW ^{1,2}	High potential area				
Being developed	Offshore in Ishikari Bay, Hokkaido	Up to 1,000,000 kW ^{1,2}	Areas in which preparations have advanced to a certain level				

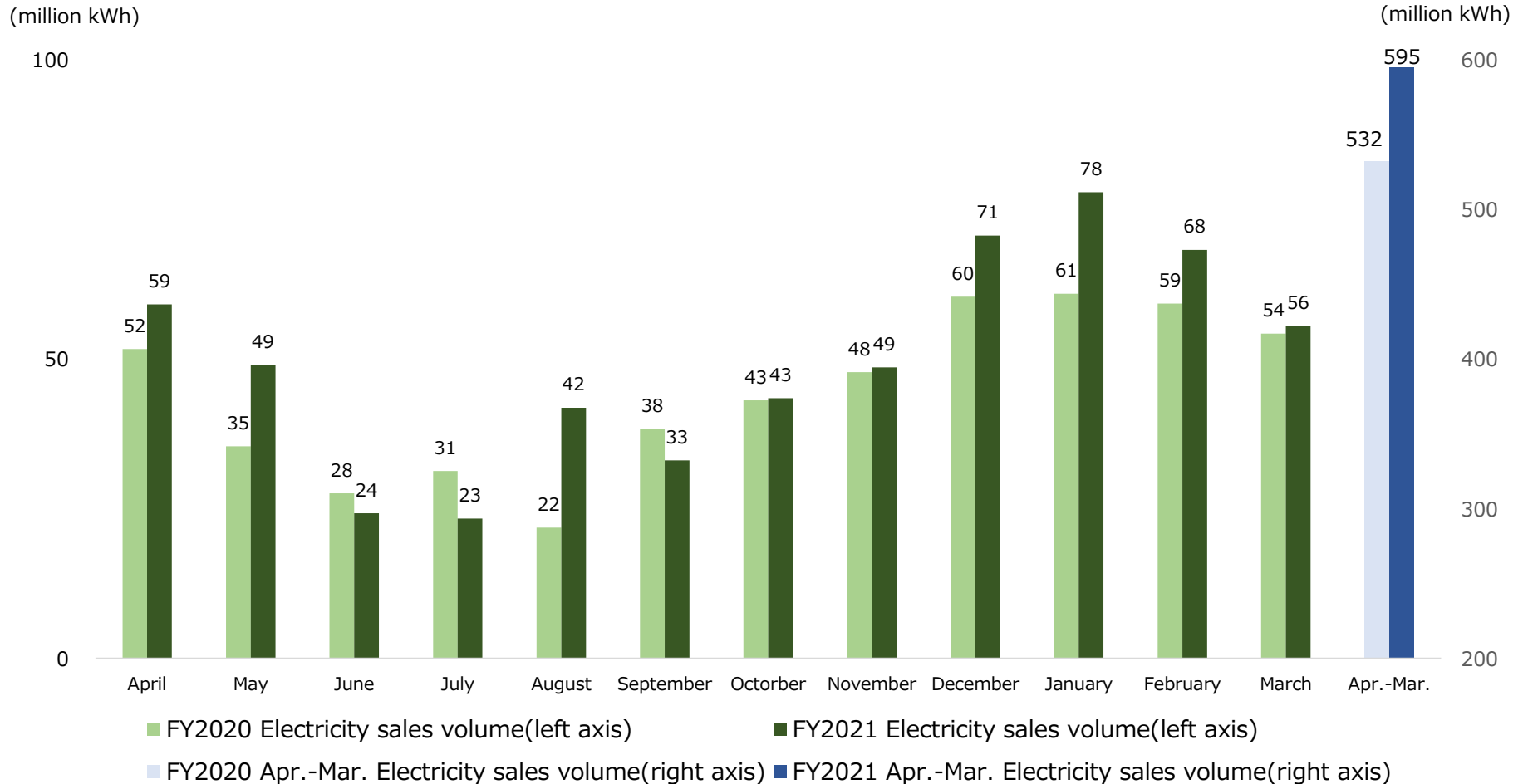
*1 Installed capacity of the whole project

*2 Maximum capacity stated in the environmental impact assessment report

*3 Not subject to the Act on Promoting the Utilization of Sea Areas for the Development of Marine Renewable Energy Power Generation Facilities due to the port zone

Changes in electricity sales volume

✓ In FY2021, the electricity sales volume is above the level of the previous year given the start of operations at the Chuki onshore site.



Progress of Projects under Construction

✓ The sites currently under construction consist of one offshore wind farm project and two onshore wind farm projects. They will begin operating in the second half of FY2022.

Projects in Akita Port and Noshiro Port (offshore)



Hokkaido: Kamiyuchi Project (onshore)



Oita: Oita Project (onshore)



Capacity	Approx. 140,000 kW
Wind turbines	33 x 4,200 kW
FIT unit Price	36 yen/kWh
Start of operations	Second half FY2022(plan)
Joint investment including Marubeni Corporation, Obayashi Corporation, Tohoku Sustainable & Renewable Energy Co., Inc., The Akita Bank, Ltd. and others	

Capacity	Approx. 49,000 kW
Wind turbines	12 x 4,300 kW
FIT unit Price	22 yen/kWh
Start of operations	Second half FY2022 (plan)

Capacity	Approx. 14,000 kW
Wind turbines	5 x 3,200 kW
FIT unit Price	22 yen/kWh
Start of operations	Second half FY2022 (plan)

*Photo courtesy of Akita Offshore Wind Corporation and may not be reused by third parties.

* The capacity figure represents the capacity for which the grid has been secured.

FY2021 Results

Influence on Business Continuity and Operations

- ✓ Throughout the fiscal year, the Company thoroughly managed crises in compliance with the Group's Crisis Management Regulations.
- ✓ Business continuity, including the operation of refineries, has not been affected from the beginning of the COVID-19 pandemic to the present day.

Influence on the Market

【Crude oil (DUBAI)】

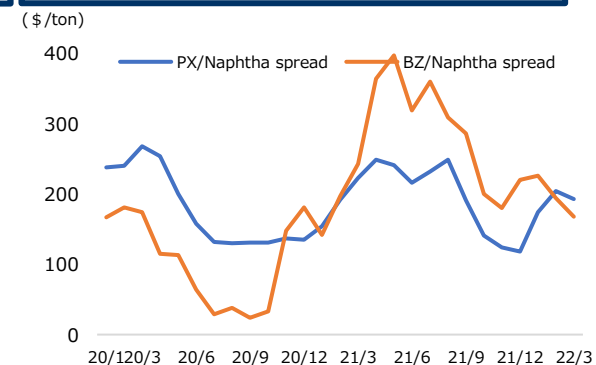
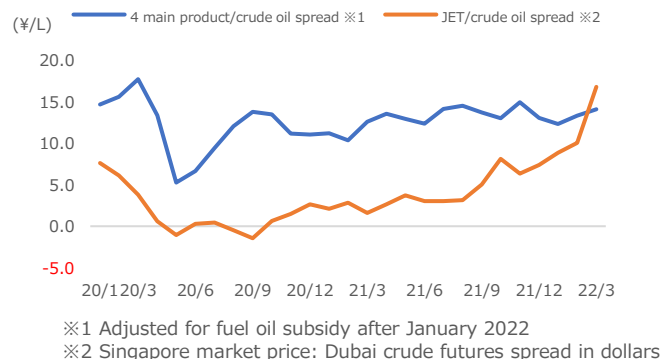
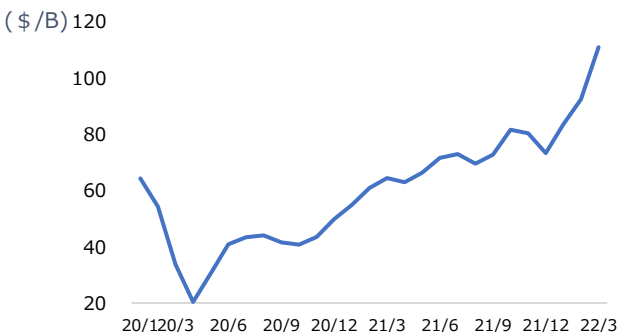
- ✓ The crude oil price significantly rose to a level exceeding pre-COVID levels. Lately, it has been over 100\$/B due to Russia's invasion of Ukraine which began in February.

【Petroleum products】

- ✓ The domestic market for the four major products remained strong, and national demand was 99.6% of the FY2020 level and 92% of the FY2019 level.
- ✓ The JET market has soared due to the invasion of Ukraine, and demand was 139% of the FY2020 level and 57% of the FY2019 level.

【Petrochemical products】

- ✓ The PX price has currently recovered to the pre-COVID level.
- ✓ The BZ price is contracting at present, but is still on par with pre-COVID levels.



Outlook for Future Impact

In FY2021, Japan had nearly recovered from the Influence of the COVID-19 pandemic. JET demand has been the most seriously affected but is expected to recover to some extent supported by the recovery of the global economy due to the increasing vaccination rate.

- ✓ Consolidated ordinary profit excluding inventory impact was ¥160.8 billion (up ¥84.2 billion year on year), the inventory impact was +¥72.3 billion. Consequently, consolidated ordinary profit stood at ¥233.1 billion (up ¥135.7 billion year on year), with profit attributable to owners of parent of ¥138.9 billion (up ¥53.0 billion year on year). These are new record highs.
- ✓ Extraordinary loss of ¥10.8 billion was posted due to impairment in Qatar Petroleum Development.

Petroleum Business

- ✓ Profit grew mainly because of improvements in the profit margins due to a positive time lag associated with rising crude oil prices, maintenance of a high refinery utilization rate, and the increased sales volume of the four major products.
--> Ordinary profit excluding inventory impact was ¥93.2 billion (up ¥39.9 billion year on year).

Petrochemical Business

- ✓ Profit grew thanks to improvements in the market for benzene, the absence of the impact of regular maintenance at Maruzen Petrochemical and the impact of the postponed receipt of naphtha which existed in the previous fiscal year.
--> Ordinary profit was ¥13.6 billion (up ¥16.9 billion year on year)

Oil Exploitation and Production Business

- ✓ While sales volume decreased, the rise of the crude oil price had a positive effect.
--> Ordinary profit was ¥44.8 billion (up ¥30.9 billion year on year)

Renewable Energy Business

- ✓ Profit fell due to upfront costs related to the development of offshore wind power generation.
--> Ordinary profit was ¥3.5 billion (down ¥0.6 billion year on year)

Unit: billion yen

No.	Item	FY2021 (Apr.-Mar.2021)	FY2020 (Apr.-Mar.2020)	Changes	Forecast FY2022
1	Net sales	2,440.5	2,233.3	207.2	2,930.0
2	Operating profit	235.3	101.3	134.0	193.0
3	Non-operating income/expenses, net	-2.2	-3.9	1.7	-3.0
4	Ordinary profit	233.1	97.4	135.7	190.0
5	Extraordinary income/losses, net	-21.5	-3.7	-17.8	-5.8
6	Income taxes	66.5	4.4	62.1	75.5
7	Profit attributable to non-controlling interests	6.2	3.3	2.9	15.7
8	Profit attributable to owners of parent	138.9	85.9	53.0	93.0
9	Impact of inventory valuation	72.3	20.8	51.5	35.0
10	Ordinary profit excluding the impact of inventory valuation	160.8	76.6	84.2	155.0
11	Dubai crude oil price (USD/B) (Apr.-Mar.)	78	45	33	100
12	JPY/USD exchange rate (yen/USD)(Apr.- Mar.)	112	106	6	125
【Reference】					
13	Dubai crude oil price (USD/B) (Jan.-Dec.)	69	42	27	95 ※3
14	JPY/USD exchange rate (yen/USD)(Jan.- Dec.)	110	107	3	123
15	CDU operating ratio (Calendar Day basis) ※1	95.4%	84.3%	11.1%	97.4%
16	CDU operating ratio (Streaming Day basis) ※1,2	99.3%	92.9%	6.4%	98.6%

*1: The operating ratio at the Company's three refineries

*2: Streaming day indicates operating ratio excluding the impact of suspended operations due to regular repairs and maintenance, etc.

*3: Dubai crude oil prices from November 2021 to October 2022.

[FY2021 Results] Outline of Consolidated Ordinary Profit by business segment
 – Changes from FY2020



Unit : billion yen

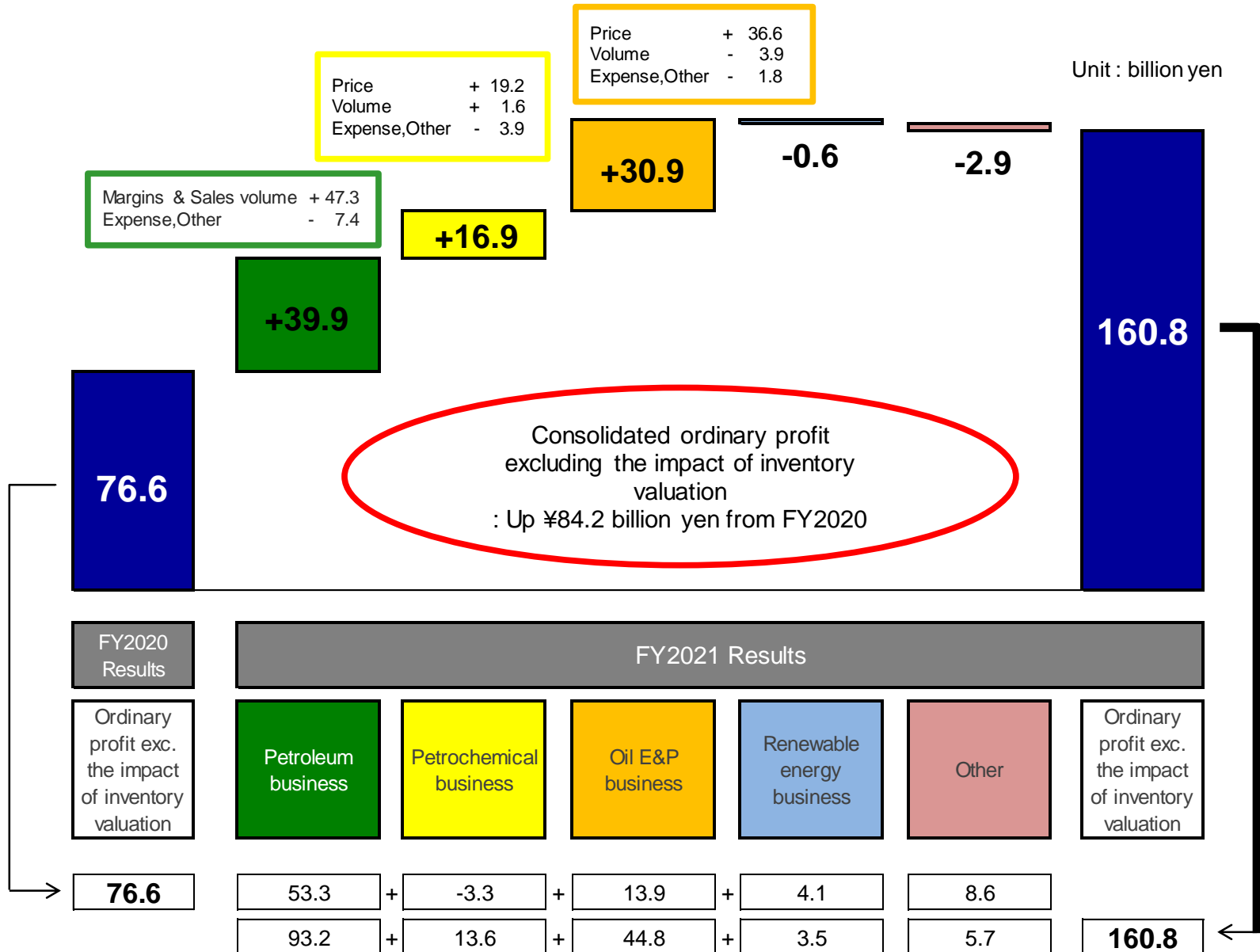
No	FY2021 (Apr.-Mar.2021)		FY2020 (Apr.-Mar.2020)		Changes			
	Ordinary profit	Ordinary profit exc. the Impact of Inventory valuation	Ordinary profit	Ordinary profit exc. the Impact of Inventory valuation	Ordinary profit	Ordinary profit exc. the Impact of Inventory valuation		
1	Total		233.1	160.8	97.4	76.6	135.7	84.2
2	(Each segment)	Petroleum business	165.5	93.2	74.1	53.3	91.4	39.9
3		Petrochemical business	13.6		-3.3		16.9	
4		Oil E&P business (*1)	44.8		13.9		30.9	
5		Renewable energy business	3.5		4.1		-0.6	
6		Other (*2)	5.7		8.6		-2.9	

(*1) The Accounting period of three operators(Abu Dhabi Oil Company, Qatar Petroleum Development and United Petroleum Development) is December.

(*2) Including consolidated adjustment

[FY2021 Results] Consolidated Ordinary Profit (Excluding the impact of inventory valuation)
 - Analysis of Changes from FY2020

Unit : billion yen



Consolidated Cash Flow

Unit: billion yen

No		FY 2021 (Apr.-Mar.2021)	FY 2020 (Apr.-Mar.2020)
1	Cash flows from operating activities	108.4	167.4
2	Cash flows from investing activities	-67.5	-84.6
3	Free cash flow (1+2)	40.9	82.8
4	Cash flows from financing activities	-42.0	-80.6
5	Cash and cash equivalents at end of the period	48.1	44.5

Consolidated Balance Sheets

Unit: billion yen

No		FY2021 (As of Mar.31, '22)	FY2020 (As of Mar. 31, '21)	Changes
1	Total Assets	1,938.4	1,709.0	229.4
2	Net assets	584.0	449.1	134.9
3	Net worth	456.2	324.9	131.3
4	Net worth ratio	23.5%	19.0%	4.5%
5	Net interest-bearing debt *1	503.3	556.4	-53.1
6	Net Debt Equity Ratio (times) (after partially accounting for Hybrid Loan) *2	1.04	1.59	Improved 0.55 points

*1 Total interest-bearing debts net of cash and deposits etc. as of the end of the period

*2 Calculated on the basis that 50% of 30 billion yen Hybrid Loan made on 31 March 2020 is included into Equity

Capital Expenditures, Depreciation, etc.

Unit: billion yen

No.		FY2021 Results	Change from FY2020
1	Capital expenditures	57.1	-22.5
2	Depreciation expense amount, etc.	58.0	0.5

Capital Expenditures by Business Segment

Unit: billion yen

No.		FY2021 Results	FY2020 Results	Changes
1	Petroleum	23.0	42.5	-19.5
2	Petrochemical	13.1	19.7	-6.6
3	Oil E&P	14.3	10.3	4.0
4	Renewable energy	7.9	10.0	-2.1
5	Other · Adjustment	-1.2	-2.9	1.7
6	Total	57.1	79.6	-22.5
7	Investment securities, etc.*	4.6	5.6	-1.0

*Investment securities, etc. are included in the net investment amount of ¥ 360.0 billion in the 6th mid-term plan (from FY2018 to FY2022).

Environment



- ✓ **Disclosed a roadmap for net zero carbon emissions by 2050.**
- ✓ **Concluded a memorandum of understanding regarding the consideration of collaboration with Masdar in the field of decarbonization.**
- ✓ **Concluded a basic agreement regarding the consideration of collaboration with Iwatani Corporation in the hydrogen business.**
- ✓ **Concluded a memorandum of understanding regarding the consideration of collaboration with ADNOC in the field of decarbonization, for example, in CCS/CCUS.**
- ✓ NEDO selected the establishment of a supply chain model for biojet fuel production from domestic waste cooking oil adopted as a project.
- ✓ Joined "ACT FOR SKY," an organization involved in initiatives for the commercialization of domestic SAF.
- ✓ Capital and business alliance with ASF Co., Ltd.
- ✓ Started sales of the Cosmo Zero Carbon Solution, a package of products including renewable energy and EVs for a decarbonized society.
- ✓ Participated in the Renewable Energy Aggregation Demonstration Project.
- ✓ Established the Aizu Innovation Office
— Creation of a Regional Model Using ICT, Environmental Technology, etc. in Smart City Aizu Wakamatsu —

Social



- ✓ Selected as a Nadeshiko Brand 2021
- ✓ Continued Platinum Kurumin certification
- ✓ Selected as a constituent of the SOMPO Sustainability Index for the fifth consecutive year.
- ✓ FTSE4Good Global Index Series
Selected as a constituent of the FTSE Blossom Japan Index for the second consecutive year.

Governance



- ✓ **Introduced ESG evaluations into the calculation of executive officers' annual bonuses.**
- ✓ Increased the number of independent outside directors.
- ✓ Disclosed the skills matrix for directors.
- ✓ The Chiba Refinery was certified as a Super Certification Business Operator
- ✓ Restructured the system for facilitating sustainable management.



- **Disclosed a roadmap for net zero carbon emissions by 2050**
 - ✓ A roadmap for net zero carbon emissions by 2050 was disclosed based on a TCFD scenario analysis.
https://ceh.cosmo-oil.co.jp/csr/netzero_roadmap.html
- **Concluded a memorandum of understanding regarding the consideration of collaboration with Masdar in the field of decarbonization.**
 - ✓ A memorandum of understanding was concluded regarding the consideration of collaboration with Masdar in the field of decarbonization, for example, in offshore wind power farm, hydrogen, and ammonia projects. Masdar is a leading company in the field of renewable energy.
 - ✓ Both companies' knowledge and expertise are to be utilized in the collaboration.
- **Concluded a basic agreement with Iwatani Corporation regarding the consideration of collaboration in a hydrogen business.**
 - ✓ Construction and operation of a hydrogen station was considered based on the Company's expertise in the use of hydrogen in the oil refining process and Iwatani Corporation's nationwide network for production, transportation, storage and security.
 - ✓ Because using hydrogen does not emit CO₂, hydrogen is a key technology for achieving carbon neutrality.
- **Concluded a memorandum of understanding with ADNOC regarding the consideration of collaboration in the field of decarbonization, for example, CCS/CCUS.**
 - ✓ A memorandum of understanding was concluded with the Abu Dhabi National Oil Company (ADNOC) based on an agreement to begin a joint investigation for the exploration of technologies that can contribute to decarbonization and a feasibility assessment regarding CCS/CCUS in the Emirate of Abu Dhabi.
- **Introduced ESG evaluations in the calculation of officers' remuneration**
 - ✓ ESG evaluations based on non-financial KPIs were introduced in the calculation of executive officers' annual bonuses.

Forecast for FY2022 Performance

- ✓ Profit in the Oil E&P Business will significantly increase due to rising crude oil prices, while the Company foresees a decrease in consolidated ordinary profit excluding the impact of inventory due in part to the absence of a positive time lag effect which occurred in the Petroleum Business in the previous year.
- ✓ High utilization is expected to be continued at a utilization rate/SD basis of 98.6% based on a short position.
- ✓ The Company forecasts that in FY2022, consolidated ordinary profit will stand at ¥190.0 billion (down ¥43.1 billion year on year), consolidated ordinary profit excluding inventory impact will come to ¥155.0 billion (down ¥5.8 billion year on year), and profit attributable to owners of parent will be ¥93.0 billion (down ¥45.9 billion year on year).

Petroleum Business

- ✓ While earnings from JET and products other than the four major products are likely to increase due to the improvement of overseas market conditions, profit will decrease chiefly due to the absence of the positive time lag effects in the previous fiscal year and an increase in in-house fuel costs resulting from an increase in crude oil prices.
--> Ordinary profit excluding inventory impact will be ¥64.0 billion (down ¥29.2 billion year on year).

Petrochemical Business

- ✓ The sales volume of Maruzen Petrochemical will increase because of the elimination of the impact of regular maintenance that occurred in the previous fiscal year. However, profit will decrease due to the deterioration of the market prices of petrochemicals, such as benzene.
--> Ordinary profit was ¥7.0 billion (down ¥6.6 billion year on year)

Oil Exploitation and Production Business

- ✓ Profit will rise due to rising crude oil prices.
--> Ordinary profit was ¥75.0 billion (up ¥30.2 billion year on year)

Renewable Energy Business

- ✓ Profit will fall due to necessary upfront costs including personnel costs related to the full-fledged development of offshore wind power farms.
--> Ordinary profit was ¥3.0 billion (down ¥0.5 billion year on year)

[FY2022 Forecast] Highlights of Consolidated Business Outlook (Change from FY2021) Precondition, and Business Sensitivity

COSMO

Unit : billion yen

No		FY2022 Forecast		FY2021 Results		Changes		
		Ordinary profit	Ordinary profit exc. the impact of Inventory valuation	Ordinary profit	Ordinary profit exc. the impact of Inventory valuation	Ordinary profit	Ordinary profit exc. the impact of Inventory valuation	
1	Total	190.0	155.0	233.1	160.8	-43.1	-5.8	
2	(Each segment)	Petroleum business	99.0	64.0	165.5	93.2	-66.5	-29.2
3		Petrochemical business	7.0		13.6		-6.6	
4		Oil E&P business (*1)	75.0		44.8		30.2	
5		Renewable energy	3.0		3.5		-0.5	
6		Other (*2)	6.0		5.7		0.3	
7	The impact of inventory valuation	35.0		72.3		-37.3		
8	Profit attributable to owners of parent	93.0		138.9		-45.9		

(*1) The Accounting period of three operators (Abu Dhabi Oil Company, Qatar Petroleum Development and United Petroleum Development) is December.

(*2) Including consolidated adjustment

9	Dividend per Share(Plan) (yen)	¥150	¥100	+ ¥50
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■ Precondition

No.		FY2022 Forecast	FY2021 Results	Changes
10	Dubai crude oil price (USD/B)(Apr.-Mar.)	100	78	22
11	JPY/USD exchange rate (Apr.-Mar.)	125	112	13
12	Dubai crude oil price (USD/B)(Jan.-Dec.)	95	69	26
13	JPY/USD exchange rate (Jan.-Dec.)	123	110	13

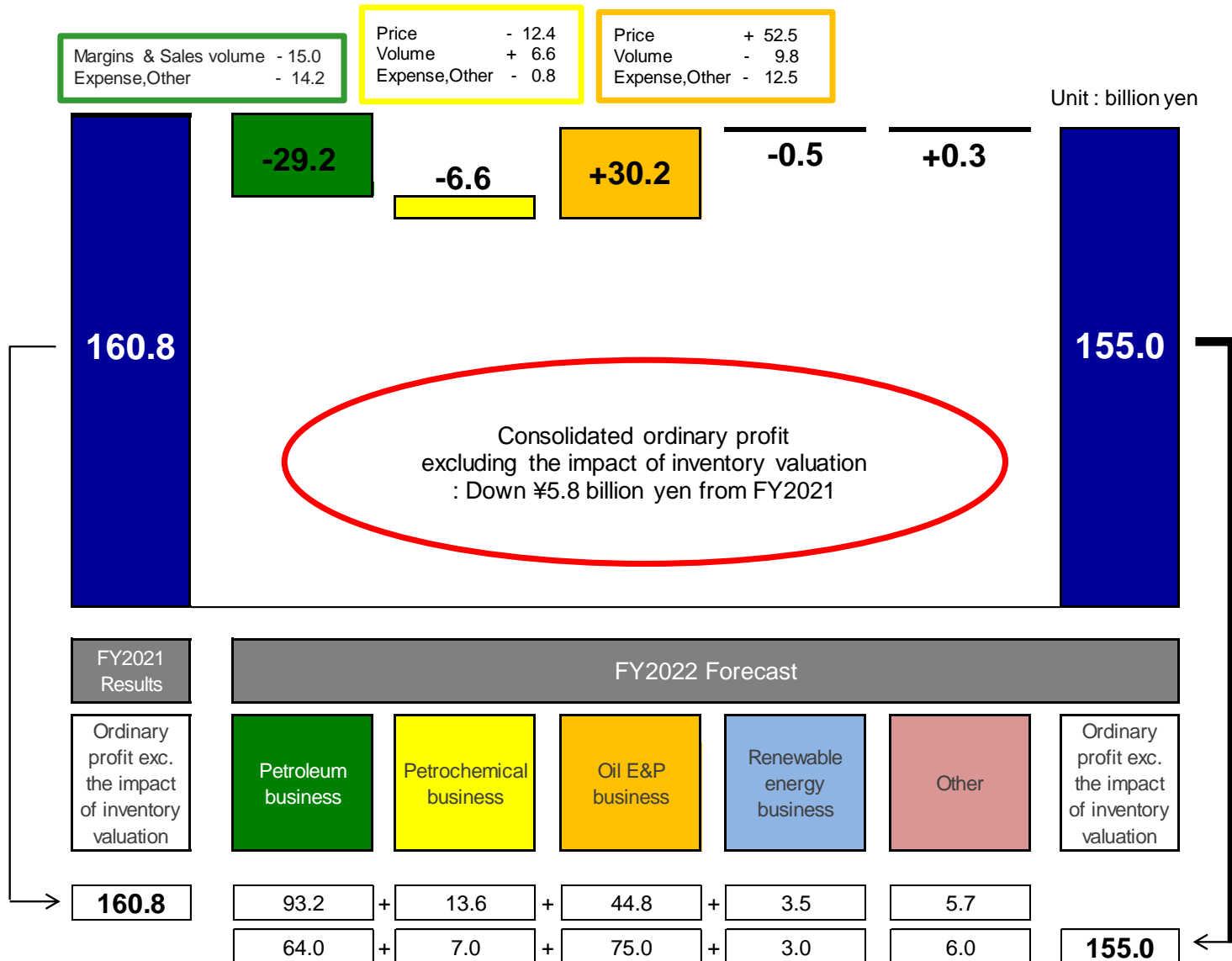
*Dubai crude oil prices from November 2021 to October 2022.

■ Sensitivity

No.		Item	Crude oil (Dubai)	JPY/USD exchange rate
14	Petroleum Business	Inventory Impact	2.3 billion yen	1.9 billion yen
15		Refinery fuel cost etc.	-0.6 billion yen	-0.5 billion yen
16		Total	1.7 billion yen	1.4 billion yen
17	Oil E&P Business		1.2 billion yen	1.2 billion yen

* Figures above refer to the impacts of the price of crude oil (USD 1/bbl) and the yen-dollar exchange rate (+¥1/USD) fluctuations. Sensitivity is calculated based on the assumption that crude oil prices and foreign exchange rates remain constant throughout the period. E&P business are estimated for 12 months for crude oil prices and foreign exchange.

[FY2022 Forecast] Consolidated Ordinary Profit (Excluding the impact of inventory valuation)
 Analysis of Changes from FY2021



Consolidated Cash Flow

Unit: billion yen

No		FY 2022 (Apr.-Mar.2022)	FY 2021 (Apr.-Mar.2021)
1	Cash flows from operating activities	135.0	108.4
2	Cash flows from investing activities	-90.0	-67.5
3	Free cash flow (1+2)	45.0	40.9
4	Cash flows from financing activities	-45.0	-42.0

Financial Index

Unit: billion yen

No		FY 2022 (As of Mar.31, '23)	FY 2021 (As of Mar.31, '22)	Changes
1	Net worth	514.4	456.2	58.2
2	Net worth ratio	25.7%	23.5%	2.2%
3	Net Debt Equity Ratio (times) (after partially accounting for Hybrid Loan)	0.96	1.04 ※1	Improved 0.08 points

[reference : Cases in which convertible bonds were converted]

4	Net worth	574.4	456.2	118.2
5	Net worth ratio	28.7%	23.5%	5.2%
6	Net Debt Equity Ratio (times) (after partially accounting for Hybrid Loan)	0.75	1.04 ※1	Improved 0.29 points

*1 FY2021 : Calculated on the basis that 50% of 30 billion yen Hybrid Loan made on 31 March 2020 is included into Equity

Capital Expenditures, Depreciation, etc.

Unit: billion yen

No.		FY2022 Forecast	Changes from FY2021
1	Capital expenditures	90.4	33.3
2	Depreciation expense amount, etc	59.3	1.3

Capital Expenditures by Business Segment

Unit: billion yen

No.		FY2022 Forecast	FY2021 Results	Changes
1	Petroleum	22.5	23.0	-0.5
2	Petrochemical	17.9	13.1	4.8
3	Oil E&P	28.6	14.3	14.3
4	Renewable energy	21.3	7.9	13.4
5	Other · Adjustment	0.1	-1.2	1.3
6	Total	90.4	57.1	33.3
7	Investment securities, etc*	16.3	4.6	11.7

*Investment securities, etc. are included in the net investment amount of ¥ 360.0 billion in the 6th mid-term plan (from FY2018 to FY2022).

Supplementary Information

P.33-41 [FY2021 Results] Supplementary Information

- Sales Volume, CDU Operating Ratios
- Crude Oil Production Volume, Crude Reserves Estimate (Proved and Probable)
- Results by Business Segment - Changes from FY2020
- Main data of each business
- Historical Changes in Dubai Crude Oil Price
- Gasoline Export and Margin Environment
- Diesel Fuel Export and Margin Environment
- Market Condition of Benzene Products and Aromatic Products

P.43- Forecast for FY2022 Performance(Change from FY2021)

- Outlook by Business Segment, Changes from FY2021

P.45-54 Overview of the Cosmo Energy Group (Business Outline)

- Oil E&P Business , Petroleum Business, Petrochemical Business, Renewable energy Business

P.55 Subordinated loan (Announced on March 31,2020)

P.56-58 Zero Coupon Convertible Bonds due 2022 (being bonds with stock acquisition rights) (Announced on December 20,2018)

P.59 Stock Repurchase (Announced on May 12, 2022)

Supplementary Information of FY2021 Results

[FY2021 Results] Sales Volume, CDU Operating Ratios



Unit: thousand KL

No.		FY2021 Results	FY2020 Results	Changes	FY2022 Forecast	FY2022 forecast changes from FY2021	
1	Selling volume in Japan	Gasoline	7,028	6,671	105.4%	6,881	97.9%
2		Kerosene	2,133	2,158	98.8%	2,122	99.5%
3		Diesel fuel	5,604	5,260	106.6%	5,528	98.6%
4		Heavy fuel oil A	1,706	1,681	101.5%	1,603	93.9%
5		Sub-Total	16,472	15,769	104.5%	16,133	97.9%
6		Naphtha	5,648	5,868	96.2%	5,922	104.8%
7		Jet fuel	373	268	139.1%	509	136.3%
8		Heavy fuel oil C	716	747	95.9%	643	89.7%
9		Total	23,210	22,653	102.5%	23,206	100.0%
10	Export volume	Middle distillates Export	100	93	107.9%	450	449.6%
11		Bonded products and other	2,497	2,278	109.6%	2,498	100.1%
12		inc. Jet fuel	1,499	1,169	128.2%	1,551	103.5%
13		inc. Low-sulfur C fuel oil	624	678	92.0%	653	104.7%
14		Sub-Total	2,597	2,371	109.5%	2,948	113.6%
15	Total	25,807	25,023	103.1%	26,155	101.3%	

No.		FY2021 Results	FY2020 Results	Changes	
16	CDU operating ratio	(Calendar Day basis) *1	95.4%	84.3%	11.1%
17		(Streaming Day basis) *1.2	99.3%	92.9%	6.4%

*

*:

[FY2021 Results] Crude Oil Production Volume, Crude Reserves Estimate (Proved and Probable)



[1] Crude oil production volume				
	FY2021 Results	FY2020 Results	Changes	
Cosmo Energy Exploration & Production Co., Ltd. (B/D)	45,157	49,208	-4,051	91.8%

*1) The production volume represents the total production volumes of the three major developers: Abu Dhabi Oil Co., Ltd., Qatar Petroleum Development Co., Ltd., and United Petroleum Development Co., Ltd.

*2) The production period has calculated in the January-December, because that the three major developers of the accounting period is December.

*3) The Cosmo Energy Group has a 51.5% stake in Abu Dhabi Oil Co., Ltd., a 75.0% stake in Qatar Petroleum Development Co., Ltd. and a 50.0% stake in United Petroleum Development Co., Ltd.

(As of Dec 31, 2021)

[2] Crude Reserves Estimate (working interest base) (*1)	
	mmbbls
Total Proved(*2) and Probable Reserves (*3)	143.1
(Ref.: Reserves to Production Ratio of Total Proved and Probable Reserves)	about 17years

Note: The daily average crude production based on working interest reached 23 thousands bpd for FY2021(Jan-Dec).

(*1) About results of reserves estimate

The assessment of ADOC reserves which deemed to have significant impact on Cosmo's future profitability was carried out in an independent assessment by Gaffney, Cline & Associate (hereinafter, "GCA"), a leading global independent reserve auditor. Their assessment confirmed Cosmo affiliates' internal assessment of remaining reserves. The assessment was carried out in accordance with the 2007 "Petroleum Resources Management System (PRMS)" prepared by the Oil and Gas Reserves Committee of the "Society of Petroleum Engineers" (SPE), and reviewed and jointly sponsored by the "World Petroleum Congress" (WPC), the "American Association of Petroleum Geologists" (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE). The assessment of QPD and UPD reserves were carried out in these companies respectively. These assessments of the reserves do not guarantee the reserves and production from them.

(*2) Proved Reserves

Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. When probabilistic methods are used, there should be at least a 90% probability that the actual quantities recovered will equal or exceed the 1P estimate. (Definition of SPE PRMS 2007 March)

(*3) Probable Reserves

Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. When probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate. (Definition of SPE PRMS 2007 March)

[FY2021 Results] Results by Business Segment – Changes from FY2020

COSMO

FY2021 Results – Changes from FY2020

Unit: billion yen

No.		Net Sales		Operating Profit		Ordinary Profit		Ordinary Profit (excluding the impact of inventory valuation)	
			Changes from FY2020		Changes from FY2020		Changes from FY2020		Changes from FY2020
1	Petroleum business	2,137.7	81.9	165.6	91.3	165.5	91.4	93.2	39.9
2	Petrochemical business	359.4	54.9	14.8	16.2	13.6	16.9	13.6	16.9
3	Oil E&P business	91.0	30.6	44.8	30.1	44.8	30.9	44.8	30.9
4	Renewable energy business	13.1	1.4	3.6	-0.3	3.5	-0.6	3.5	-0.6
5	Other · Adjustment	-160.7	38.4	6.5	-3.3	5.7	-2.9	5.7	-2.9
6	Total	2,440.5	207.2	235.3	134.0	233.1	135.7	160.8	84.2

Cosmo Energy Group (by Segment)

Petroleum business	Cosmo Oil Co.,Ltd., Cosmo Oil Marketing Co., Ltd., Cosmo Oil Sales Corp, Cosmo Oil Lubricants Co., Ltd., Cosmo Energy Solutions Co., Ltd.,Gyxis Corporation (owned by the Cosmo Energy Group on the equity method),Kygnus Sekiyu K.K.(owned by the Cosmo Energy Group on the equity method) , etc.
Petrochemical business	Cosmo Matsuyama Oil Co., Ltd., CM Aromatics Co., Ltd., Maruzen Petrochemical Co., Ltd., Hyundai Cosmo Petrochemical Co., Ltd. (owned by the Cosmo Energy Group on the equity method), etc.
Oil E & P business	Cosmo Energy Exploration & Production Co., Ltd.,Abu Dhabi Oil Co., Ltd., Qatar Petroleum Development Co., Ltd., United Petroleum Development Co., Ltd. (owned by the Cosmo Energy Group on the equity method), etc.
Renewable energy business	Cosmo Eco Power Co.,Ltd , etc.
Other	Cosmo Engineering Co.,Ltd., Cosmo Trade & Services Co., Ltd., etc.

[FY2021 Results] Main data of each business

1. Petroleum business

(1) Refinery Operating Ratio

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
CDU operating ratio(Calendar Day basis)*1	88.3%	94.1%	86.1%	87.9%	84.3%	95.4%

(2) Number of SSs by Operator Type

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Subsidiary*2	928	917	888	876	877	872
Dealers	2,029	1,941	1,903	1,879	1,852	1,823
Total *3	2,957	2,858	2,791	2,755	2,729	2,695
Number of Self-Service SSs *3	1,038	1,034	1,048	1,072	1,099	1,112

(3) "Cosmo The Card" – Number of credit cards in force & Accumulative number of contracted my car lease & "Carlife Square" –Number of App members

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Cosmo The Card (million cards)*3	4.44	4.44	4.33	4.21	4.12	4.03
My car lease(Units) *3	37,077	47,602	60,579	73,634	85,126	96,214
Carlife Square(million downloads) *3				1.92	3.17	4.34

2. Oil E&P business

Crude oil production volume

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Cosmo Energy E&P Co., Ltd. (B/D)*4	39,032	38,826	52,303	50,773	49,208	45,157

3. Renewable energy business

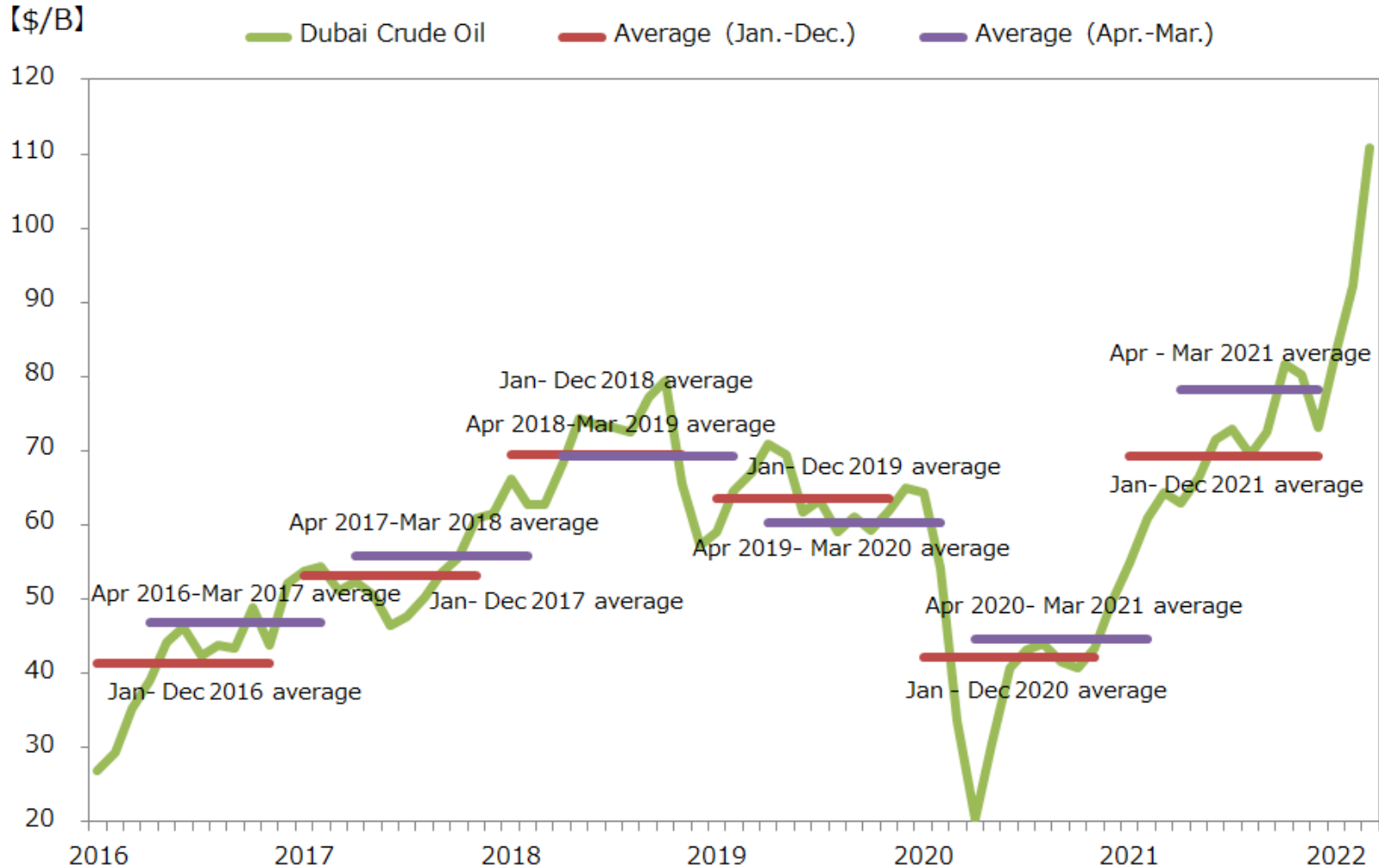
Wind power plant capacity(ten thousand kW)

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Plant Capacity (ten thousand kW)*3	21.1	22.69	22.7	26.6	26.1	30.0
Electricity sales volume (million kWh)	380	431	468	550	532	595

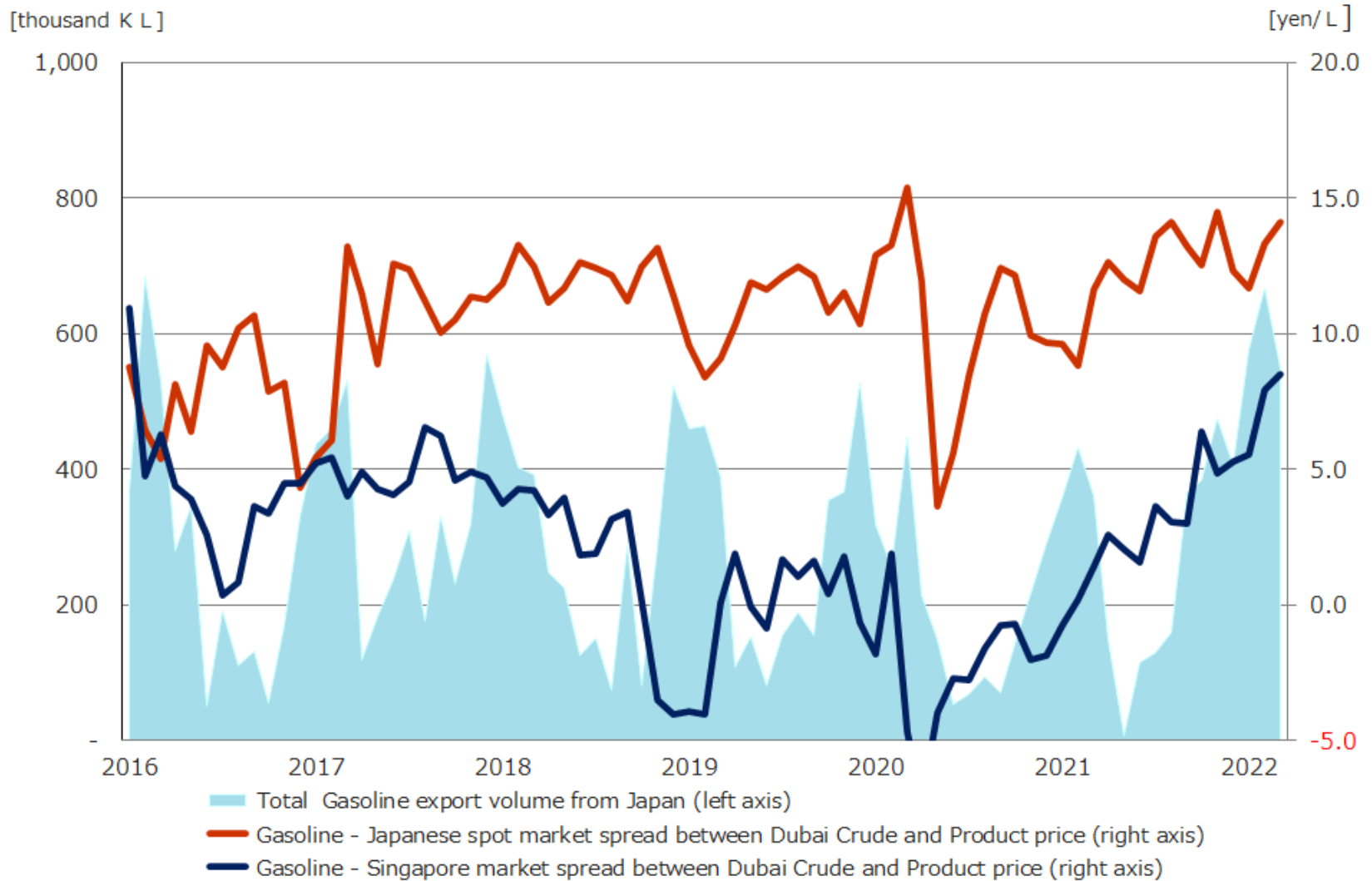
*1) April-March results for each fiscal year *2)Directly operated SS and our wholly owned subsidiaries' dealer SS

*3) At the end of March of each fiscal year *4) January-December results for each fiscal year

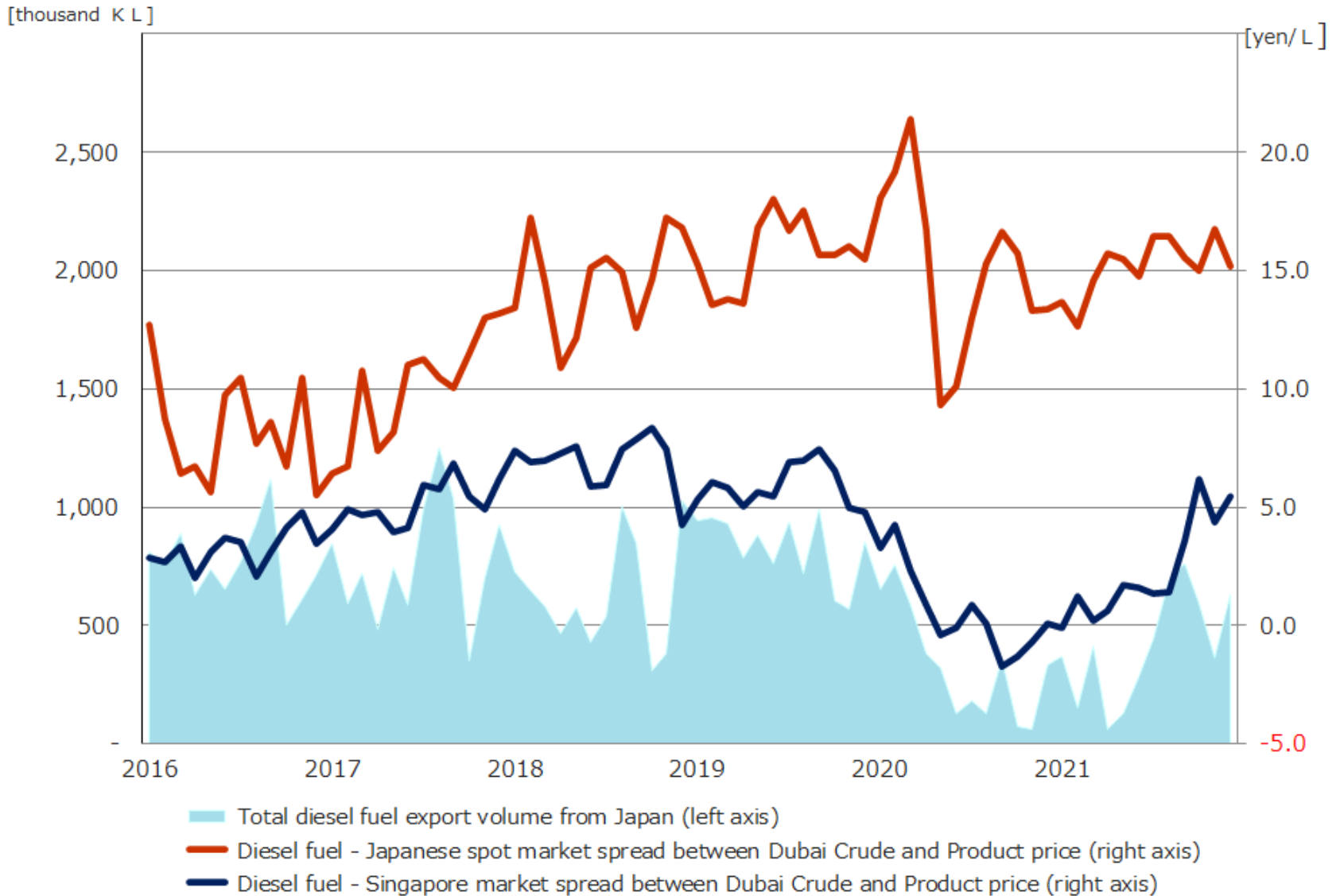
Historical Changes in Dubai Crude Oil Price

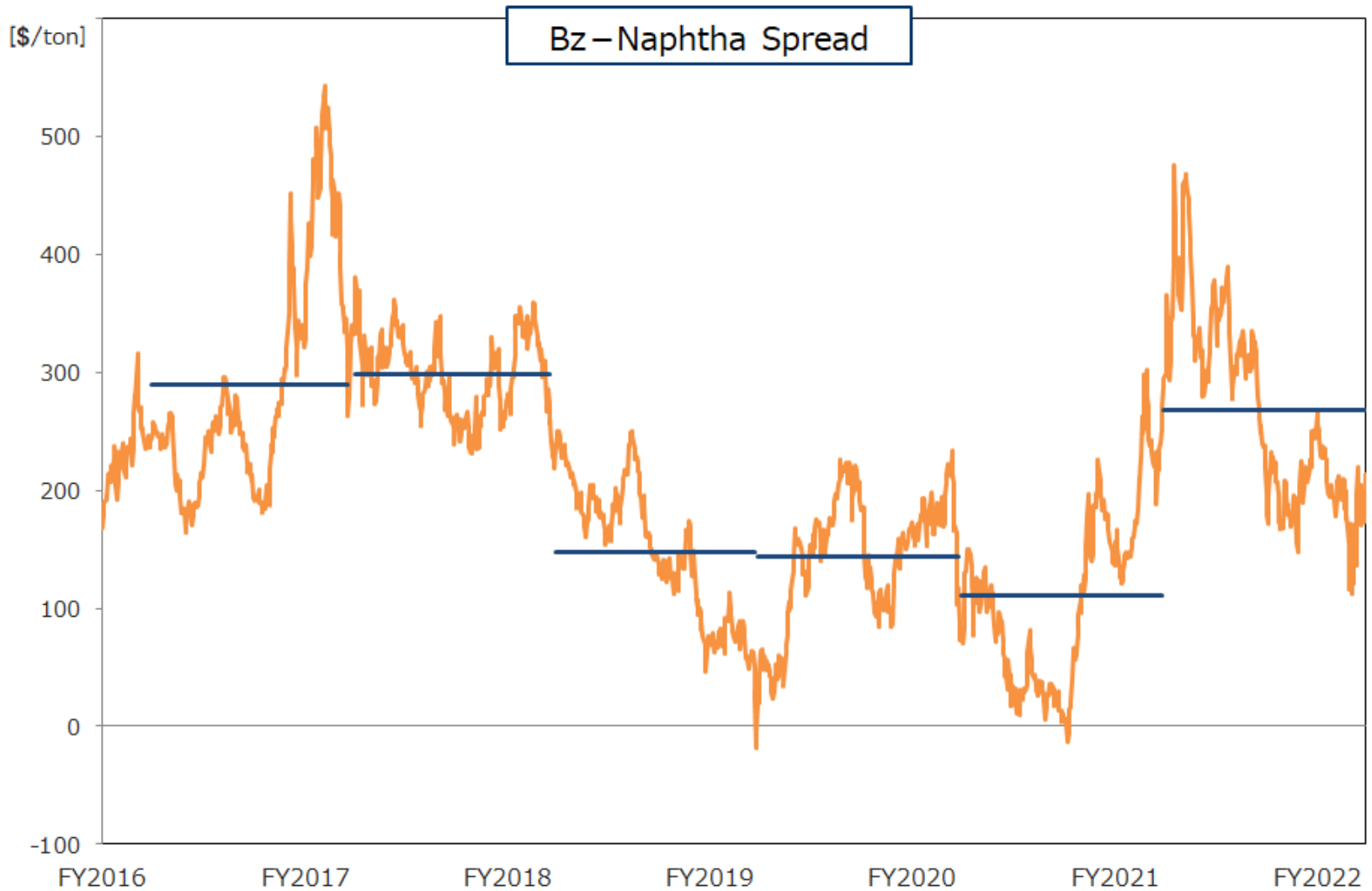


*Trend of crude oil price from January 2016 to March 2022

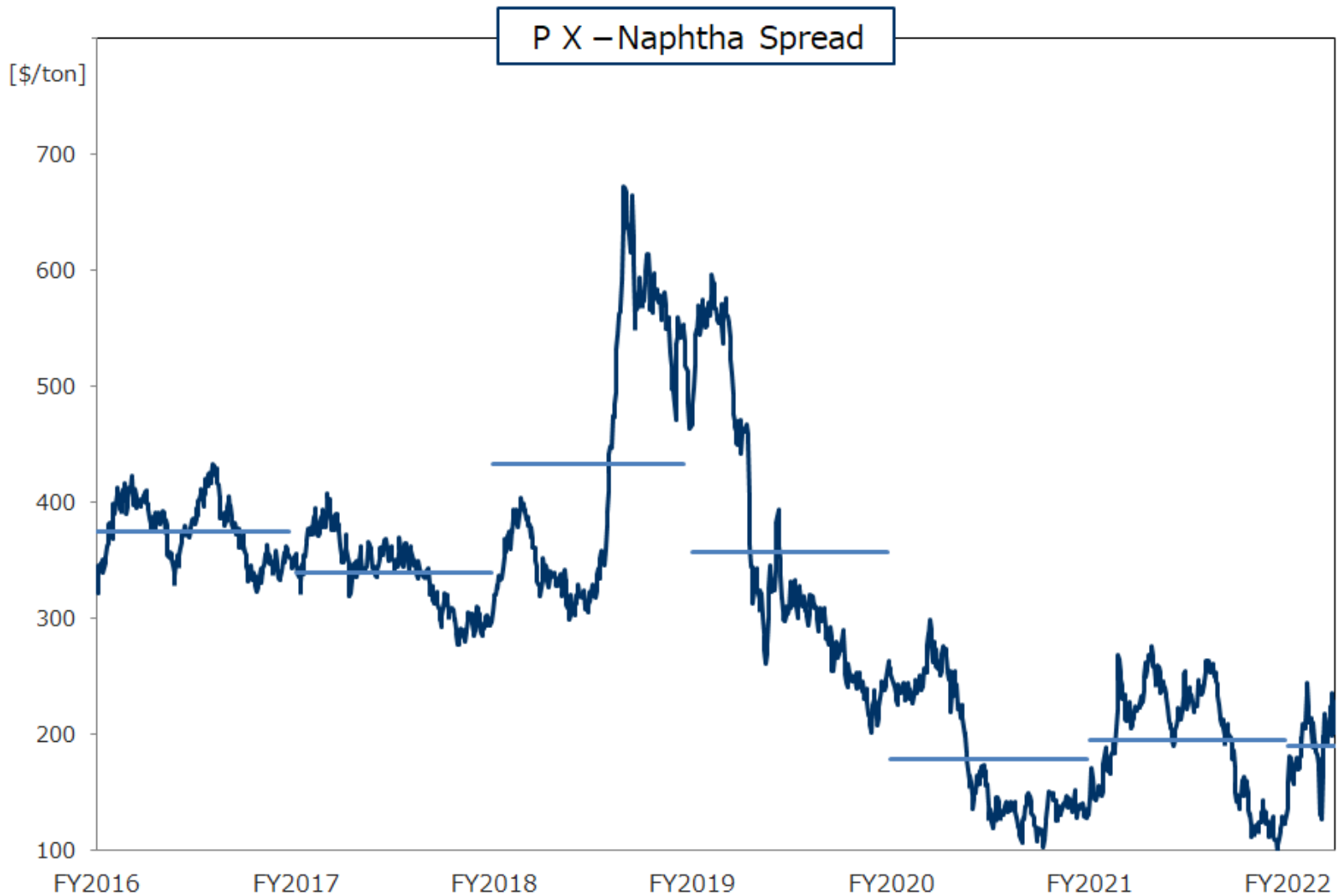


Diesel Fuel Export and Margin Environment (Domestic /Overseas)





(*) Horizontal line indicates the average of each calendar year(Apr.-Mar.)



(*) Horizontal line indicates the average of each calendar year(Jan.-Dec.).

Forecast for FY2022 Performance
(Change from FY2021)

FY2022 Forecast – Changes from FY2021

Unit: billion yen

No.		Net Sales		Operating Profit		Ordinary Profit		Ordinary Profit (excluding the impact of inventory valuation)	
			Changes from FY2021		Changes from FY2021		Changes from FY2021		Changes from FY2021
1	Petroleum business	2,410.0	272.3	97.5	-68.1	99.0	-66.5	64.0	-29.2
2	Petrochemical business	492.0	132.6	11.2	-3.6	7.0	-6.6	7.0	-6.6
3	Oil E&P business	135.0	44.0	73.8	29.0	75.0	30.2	75.0	30.2
4	Renewable energy business	14.0	0.9	3.0	-0.6	3.0	-0.5	3.0	-0.5
5	Other · Adjustment	-121.0	39.7	7.5	1.0	6.0	0.3	6.0	0.3
7	Total	2,930.0	489.5	193.0	-42.3	190.0	-43.1	155.0	-5.8


Cosmo Energy Group (by Segment)

Petroleum business	Cosmo Oil Co.,Ltd., Cosmo Oil Marketing Co., Ltd., Cosmo Oil Sales Corp, Cosmo Oil Lubricants Co., Ltd., Cosmo Energy Solutions Co., Ltd.,Gyxis Corporation (owned by the Cosmo Energy Group on the equity method),Kygnus Sekiyu K.K.(owned by the Cosmo Energy Group on the equity method) , etc.
Petrochemical business	Cosmo Matsuyama Oil Co., Ltd., CM Aromatics Co., Ltd., Maruzen Petrochemical Co., Ltd., Hyundai Cosmo Petrochemical Co., Ltd. (owned by the Cosmo Energy Group on the equity method), etc.
Oil E & P business	Cosmo Energy Exploration & Production Co., Ltd.,Abu Dhabi Oil Co., Ltd., Qatar Petroleum Development Co., Ltd., United Petroleum Development Co., Ltd. (owned by the Cosmo Energy Group on the equity method), etc.
Renewable energy business	Cosmo Eco Power Co.,Ltd , etc.
Other	Cosmo Engineering Co.,Ltd., Cosmo Trade & Services Co., Ltd., etc.

Business Outline

Cosmo Energy Group Business Overview

Each segment	Oil E&P business	Petroleum business	Petrochemical business	Renewable energy business	Other * Including consolidated adjustment	Total * 2
Net sales * 1	135.0billion yen	2,410.0billion yen	492.0billion yen	14.0billion yen	-121.0billion yen	2,930.0billion yen
Ordinary profit * 1	75.0billion yen	99.0billion yen	7.0billion yen	3.0billion yen	6.0billion yen	190.0billion yen
Ordinary profit excluding * 1 impact of inventory valuation	75.0billion yen	64.0billion yen	7.0billion yen	3.0billion yen	6.0billion yen	155.0billion yen

Major assets	Partnerships Solid relationship of trust with oil producing countries for about 50 years	CDU capacity * 5, * 7 400,000 BD (Domestic market share: Approx. 11.6%)	Olefinic production capacity * 5 Ethylene 1.29 mil tons/year (Domestic market share: Approx. 19%)	Wind power plant capacity * 5 300,100 kW (No. 3 in Japan and a 7% domestic share)	Corporate brand awareness  98.4% ※Survey of 1,239 customers (men and women, 18-64 years old) who used a service station in the past one month(as of October 30, 2017)
	Operatorship (self-operation) We produces the largest volume of crude oil in the Middle East region for a Japanese operator.	Domestic Sales Volume * 3 23,210thousand KL	Aromatic production capacity * 5 Para-xylene 1.360 mil tons/year Benzene 0.735 mil tons/year Mixed-xylene 0.618 mil tons/year	Solar power generation * 5 capacity 24,000 kw	
	Crude Oil Production * 3 Approx. 45 thousand B/D (Comparison with refining capacity: Approx. 11%)	Number of Service station * 5 2,695			
	Crude Oil Reserves (Proved and Probable) * 4 143.1 million barrels (Equivalent to approx. 17 years of supply)	Number of the "Cosmo the Card" Holders * 5 4.03million cards	Car leasing business for * 5 individuals Cumulative total 96,214cars		

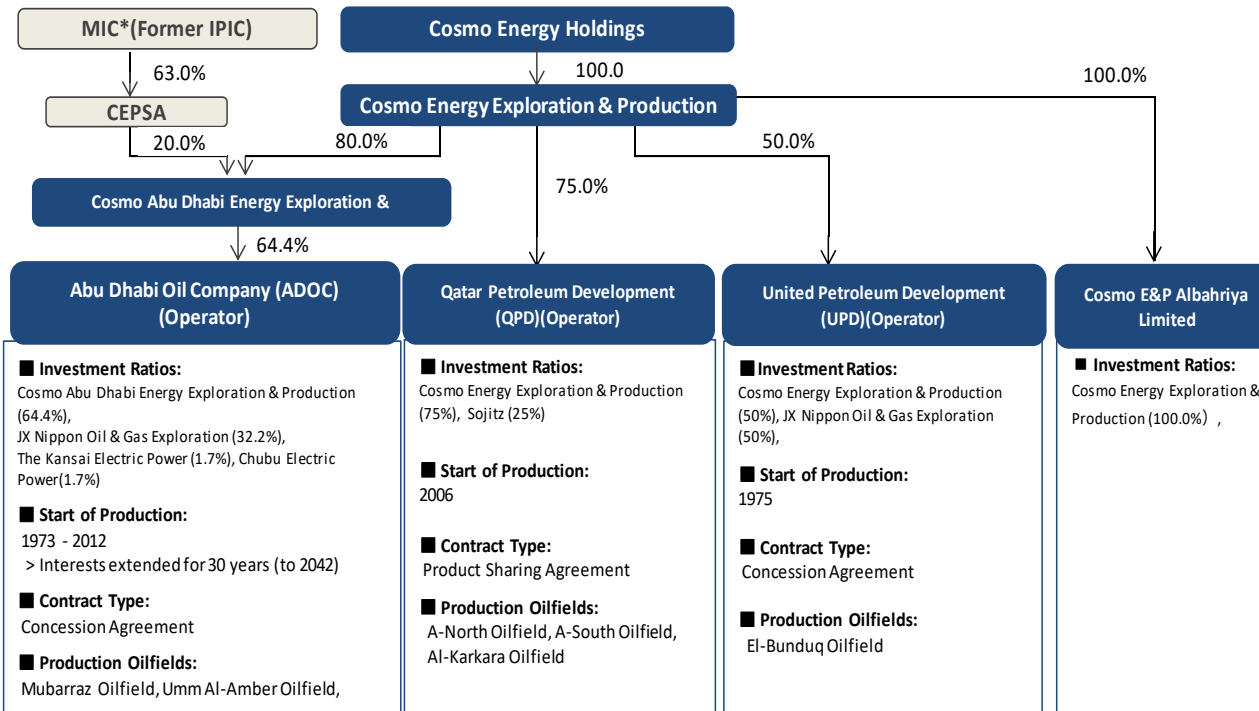
Major business companies related companies	<ul style="list-style-type: none"> •Cosmo Energy Exploration & Production •Abu Dhabi Oil (UAE) •Qatar Petroleum Development (Qatar) •United Petroleum Development(UAE/Qatar) (UAE/Qatar) •Cosmo E&P Albahriya (UAE) 	<ul style="list-style-type: none"> •Cosmo Oil •Cosmo Oil Lubricants •Gyxis(LPG) •Cosmo Oil Marketing •Cosmo Oil Sales •Cosmo Energy Solutions 	<ul style="list-style-type: none"> •Maruzen Petrochemical (Chiba/Yokkaichi) •Cosmo Matsuyama Oil •CM Aromatics (Chiba) •Hyundai Cosmo Petrochemical (Korea) 	<ul style="list-style-type: none"> •Cosmo Eco Power (Wind power generation) •CSD solar (Solar power generation) 	<ul style="list-style-type: none"> •Cosmo Engineering •Cosmo Trade and Service 	—
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(*1) FY2022 Forecast, (*2) Including consolidated adjustment, (*3)FY2021 Results, (*4)As of Dec. 31, 2021, (*5)As of Mar. 31, 2022

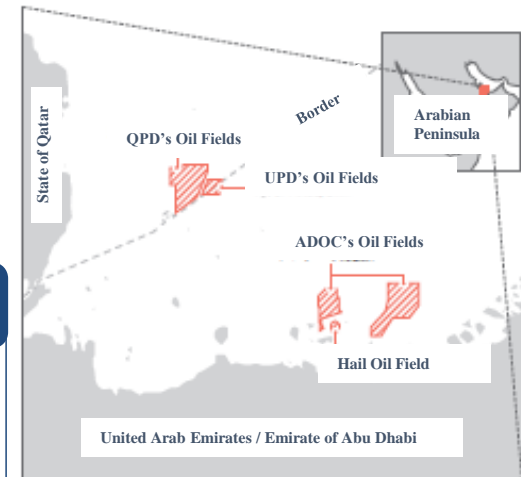
(*6)Including the supply of the petroleum product/semi product (37,000 bbls/day equivalent) from Idemitsu Showa Shell Group with the business alliance.

- ✓ Based on a strong relationship of trust with Emirate of Abu Dhabi in the Middle East developed almost five decades, we have achieved low-risk, low-cost development.
- ✓ Abu Dhabi Oil Company extended concessions (30 years) in 2012 and obtained new concessions area, the Hail Oil Field is projected to the same production volume as its three existing oilfields.
- ✓ Started production from the Hail Oil Field in FY 2017 with production ramping up to full-scale in January 2018.

■ Cosmo Energy Group Oil E&P Division



■ Cosmo Energy Group's oil fields

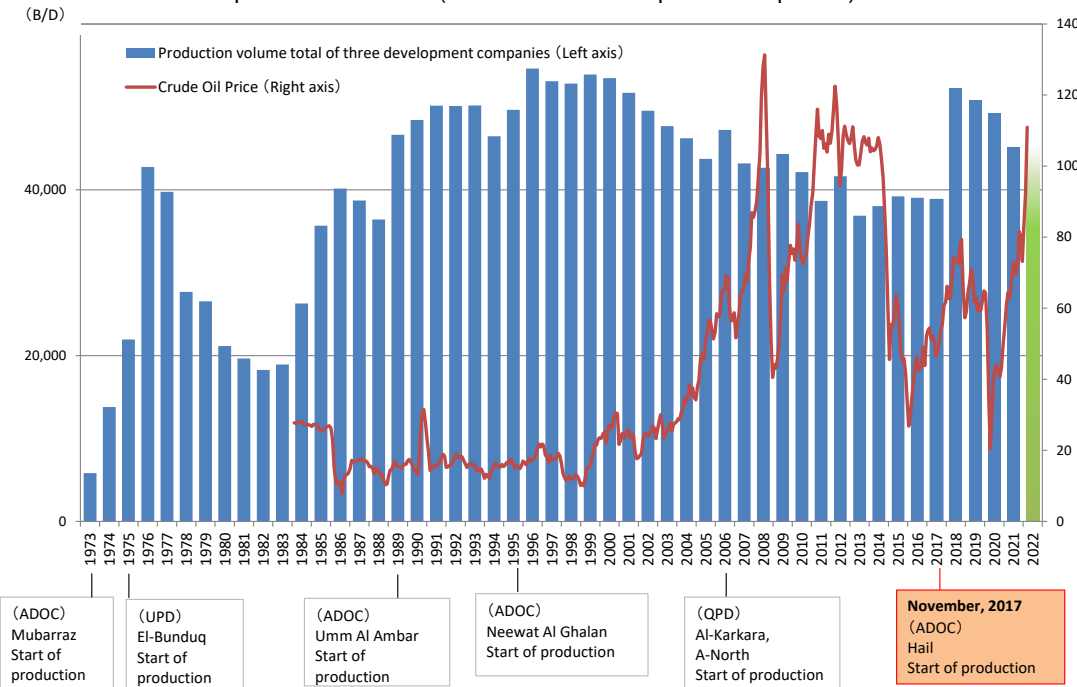


(*) MIC (Mubadala Investment Company) in which The Emirate of Abu Dhabi has a 100% stake ,has been established as a holding company in association with the business combination of IPIC (International Petroleum Investment Company), and MDC (Mubadala Development Company).

- ✓ The Hail Oil Field started production in November 2017. (interest period – through year 2042)
- ✓ The Hail Oil Filed investment has been curbed with the shared use of existing oil processing, storage and shipping facilities (Estimated savings of 300-400 million dollars), and after the start of production, per unit operating costs are expected to decline for the increment of production volume.

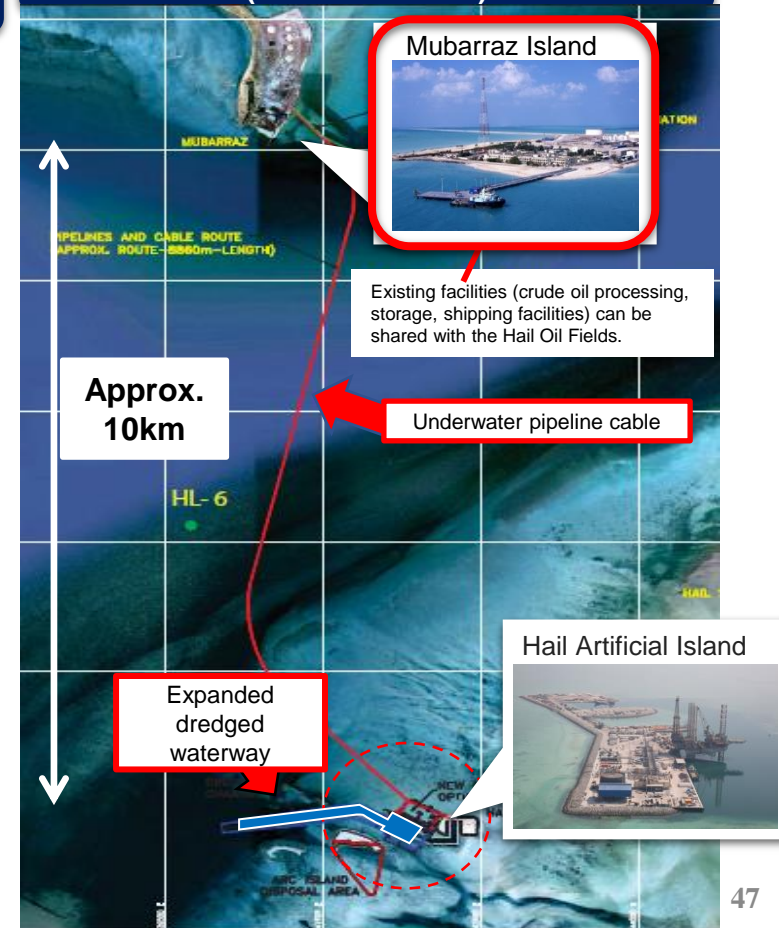
Prolonged stable oil production

Crude oil production volume (total of three development companies) and crude oil



*1) ADOC : Abu Dhabi Oil Company, UPD : United Petroleum Development, QPD : Qatar Petroleum Development
 *2) Production volume of three development companies are per year (annual average of January to December each year)
 *3) Crude oil prices (Platt's Dubai crude) are average monthly
 *4) The production volume of three development companies after fiscal 2022 is prospective volume.

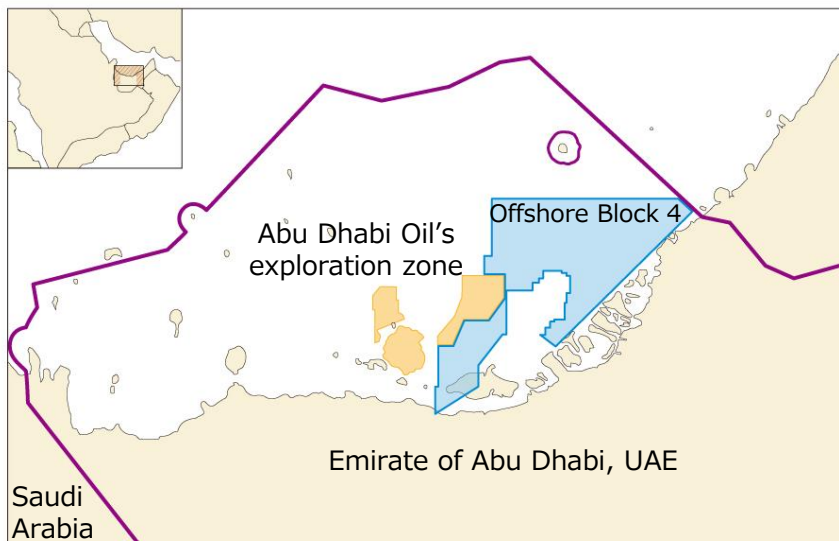
Hail Oil Field and existing shipping terminal (Mubarraz Island)



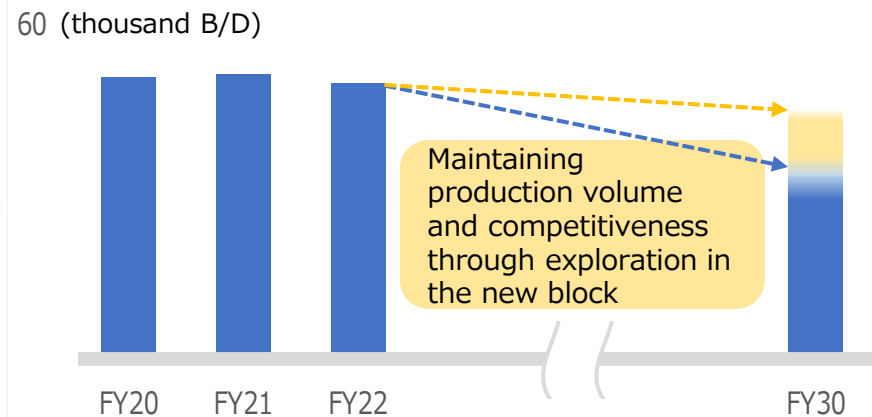
In the Abu Dhabi 2019 Block Bid Round in the United Arab Emirates, the Company won a bid for Offshore Exploration Block 4 (the “Block”). Recently established Cosmo E&P Albahriya Limited will engage in exploration with a view toward early exploitation and production. Main points are as follows.

- Oil indications have been confirmed in part of the Block.
- The Block is adjacent to the exploration zone of Abu Dhabi Oil Co., Ltd., a Cosmo Energy Group company. Integration with processing, storage and shipping facilities will reduce the two companies’ capital investment and operating expenses and maximize synergy.
- With production in this Block, the Company will build a robust business portfolio that makes a profit even in a low oil price environment while maintaining the Group’s crude oil production level.
- With a view toward the creation of a sustainable society, the Group will positively study the development and application of CCS, CCUS and other technologies required for a decarbonized society.

Location of Offshore Block 4



Schematic of trend in the Group's crude oil production

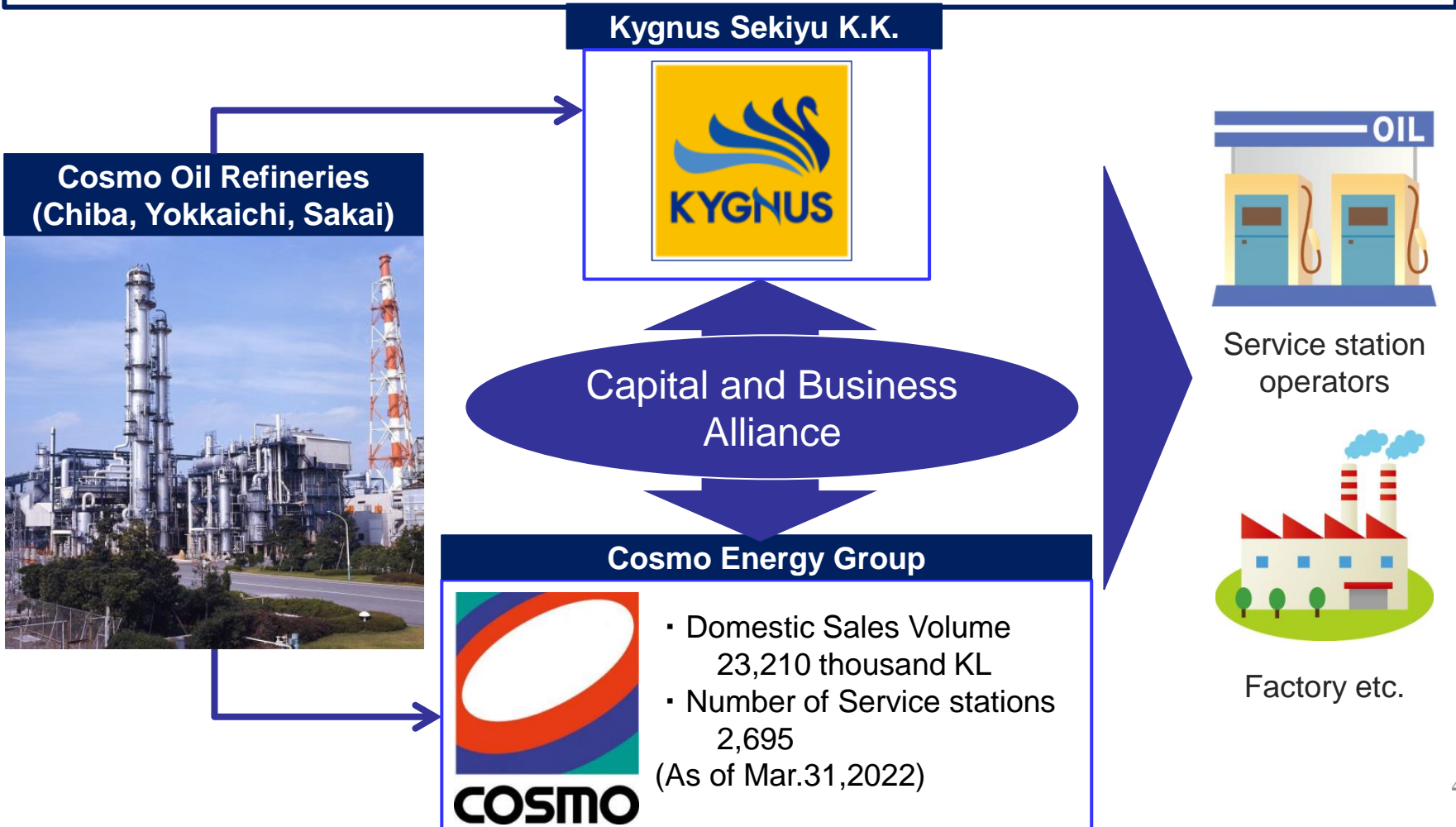


[Petroleum Business]

- Strengthening competitiveness through an alliance with Kygnus Sekiyu K.K.



- ✓ Conclude a capital and business alliance with Kygnus Sekiyu K.K. and acquired 20% of common shares.
- ✓ Begin supplying petroleum products to Kygnus Sekiyu K.K. around FY2019.
- ✓ Advance discussion and consideration with a view to a business alliance, in addition to the supply of petroleum products.

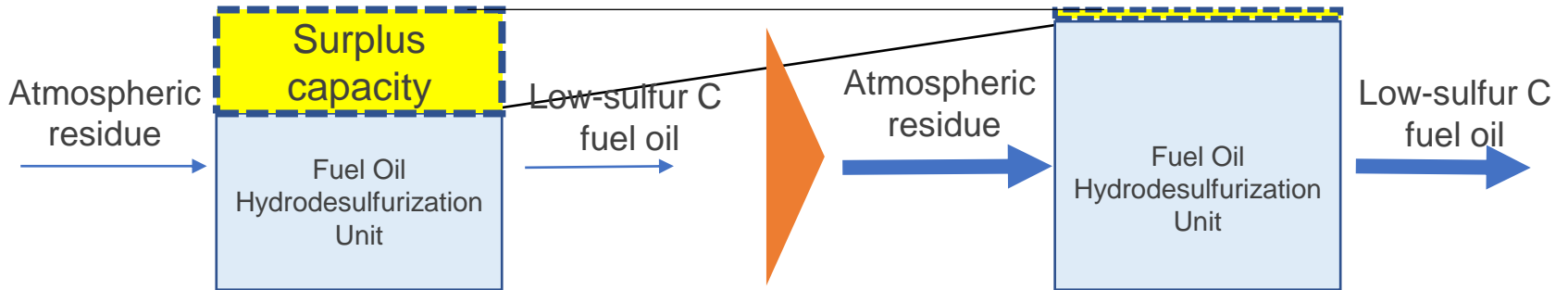


✓ International Maritime Organization (IMO) is to strengthen its regulation in 2020 by setting the upper limit of sulfur content from 3.5% down to 0.5 and the shipping fuel will be switched from high sulfur C heavy fuel to conforming low sulfur C heavy fuel.

Before **After**

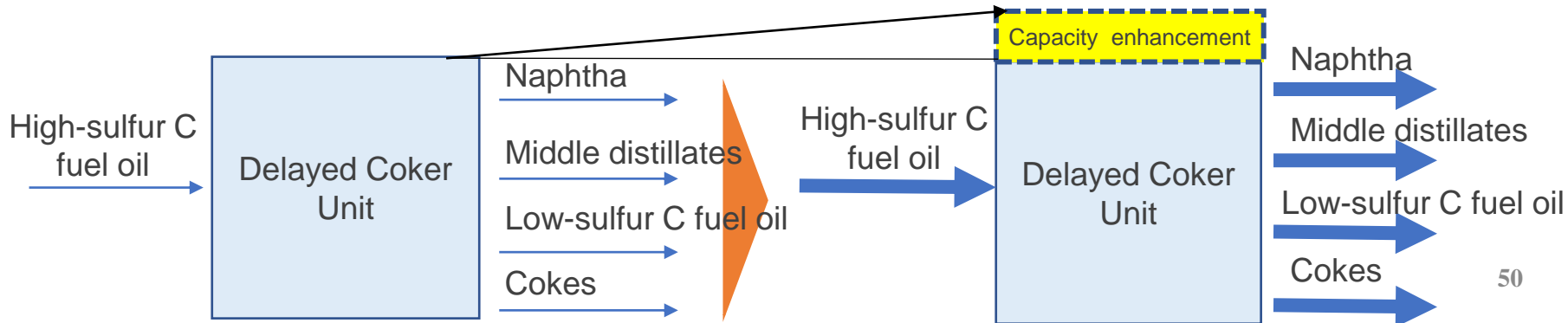
Chiba Refinery

To increase production of low sulfur C heavy oil by utilizing Chiba Refinery's DDS(direct desulfurization)



Sakai Refinery

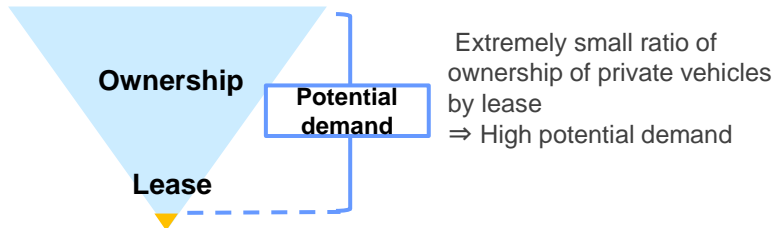
Enhance Sakai Refinery's Delayed coker capacity and turn high sulfur C heavy oil into high value added products



- ✓ Market : Enter the niche market of auto-leases for individuals that leasing companies could not serve
- ✓ Strategy : Acquire customers using the strengths of SS (frequent contacts of individual customers, etc.)
- ✓ Risk : Low risk due to the absence of car inventory and credit risk
- ✓ Business model: All parties, including customers, leasing companies, Cosmo, and dealerships, win.

Characteristics

■ Entry to the market with high potential demand



■ Using the strengths of SS

- Frequent contact with individual Customers
 (500,000 units/day) (*1)
(*1) The number of cars of customers visiting Cosmo SS (estimated by Cosmo)
- Acquire customers using membership cards
 ("Cosmo The Card": effective number of members
 4.12 mil cards) (*2) (*2) As of March 31, 2021
- Fuel oil discount system (patented business model)

■ Low risk

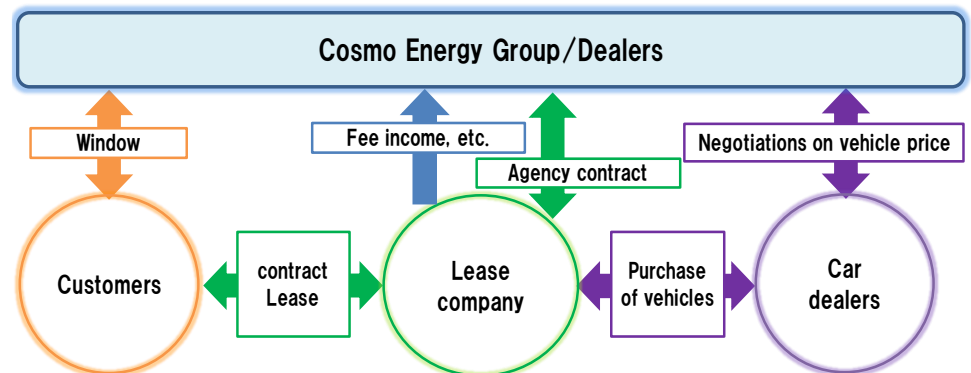
- Because the SS play the role of dealerships, there is no credit risk or risk of keeping vehicle inventory.

Win-win business model

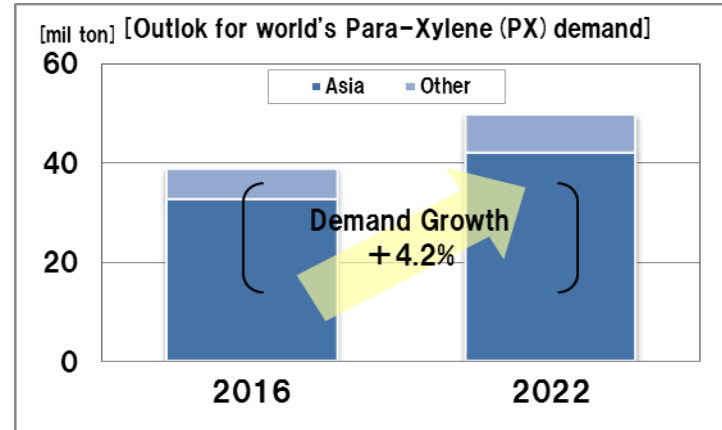
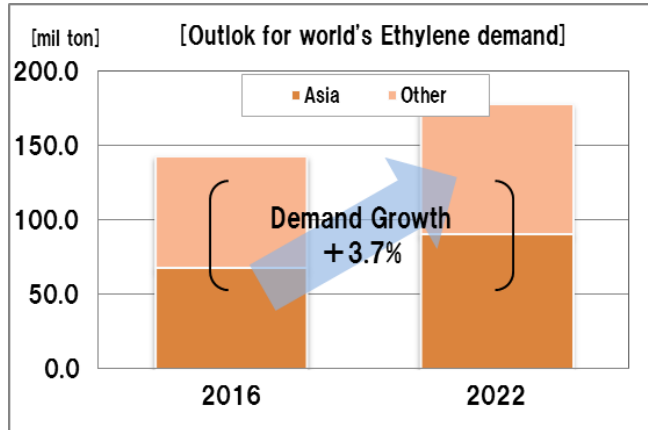
Customers : - Being able to drive new cars of any maker and model for a price lower than purchasing
 - No complicated procedures
 e.g. Simplified expenses for using a car (monthly flat rate that includes safety inspections, taxes, insurance, etc.)

Lease companies : Capture new customers

Cosmo, dealerships : Secure revenue sources that are not solely dependent on fuel oil

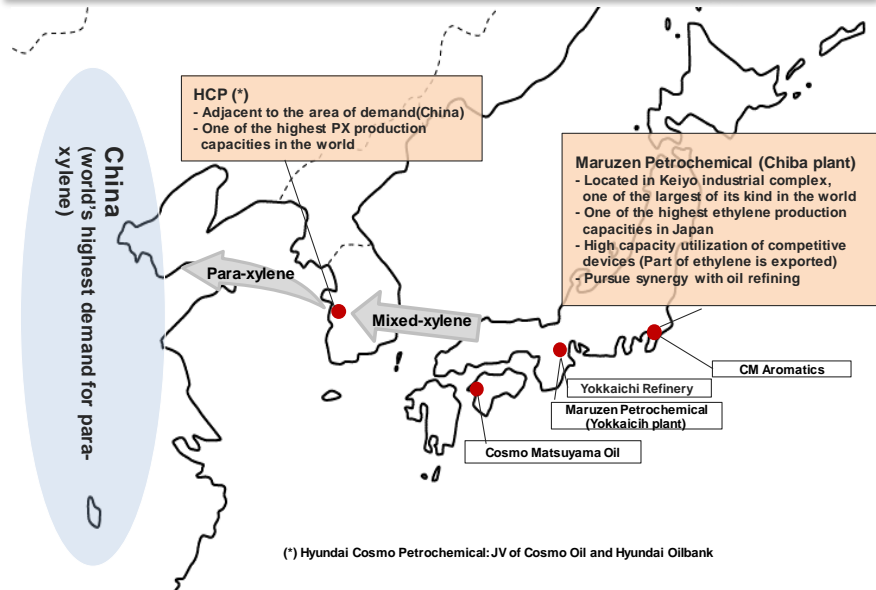


Expected global demand for petrochemical products



Source: Global Demand Trends for Petrochemical Products of the Ministry of Economy, Trade and Industry (2016-2022)

Strengths of Cosmo Energy Group



(*) Hyundai Cosmo Petrochemical: JV of Cosmo Oil and Hyundai Oilbank

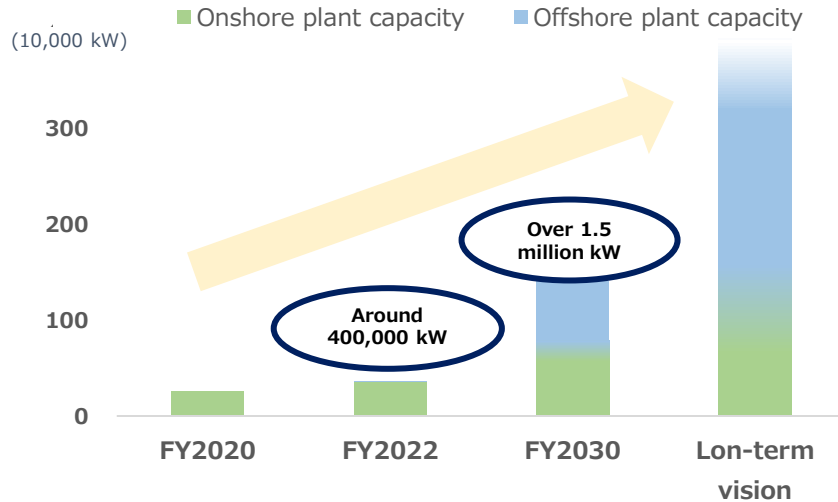
Production capacity

Product		Manufacture	Production capacity
Olefin-based	Ethylene	Maruzen Petrochemical	*1.290 mil t/year
Aroma-based	Para-xylene	Hyundai Cosmo PetroChemical	1.360 mil t/year
		Maruzen Petrochemical	0.395 mil t/year
	Benzene	Hyundai Cosmo PetroChemical	0.250 mil t/year
		Cosmo Matsuyama Oil	0.090 mil t/year
		Total	0.735 mil t/year
Mixed-xylene	Cosmo Oil (Yokkaichi Refinery)	CM Aromatics	0.270 mil t/year
		Cosmo Matsuyama Oil	0.048 mil t/year
		Total	0.618 mil t/year
	Aroma-based, total	2.713 mil t/year	

* Includes production capacity of Keiyo Ethylene (55% owned, consolidated subsidiary of Maruzen Petrochemical)

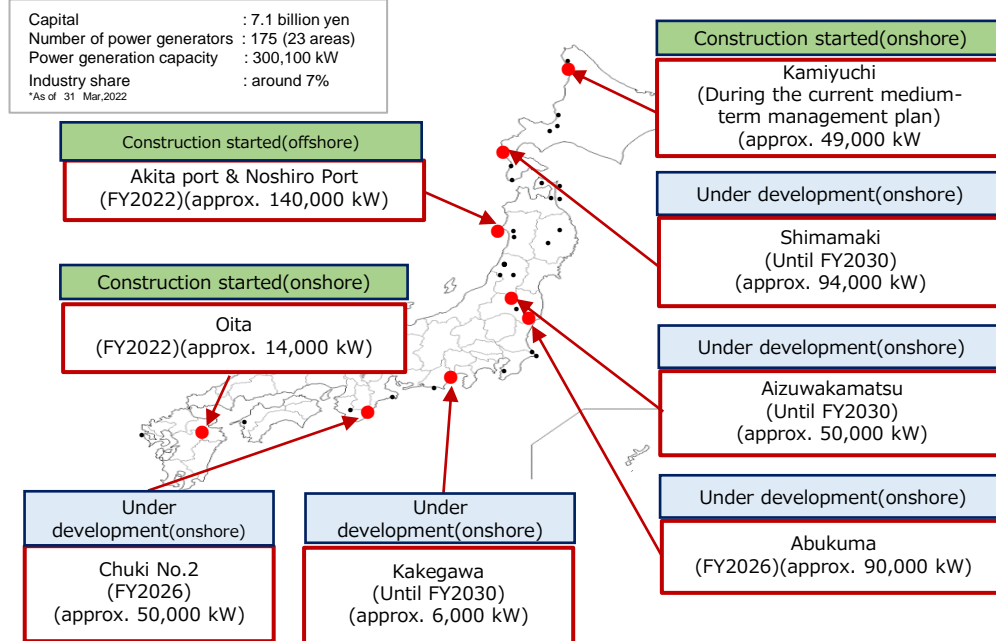
[Renewable energy business] Achieving Stable Earnings in a Market Where Demand Is Expected to Expand, Using the FIT Scheme

Changes in wind power generation capacity



* Installed capacity is capacity commensurate with the Company's investment.

Overview of Cosmo Eco Power



Characteristics (strengths) of the Group

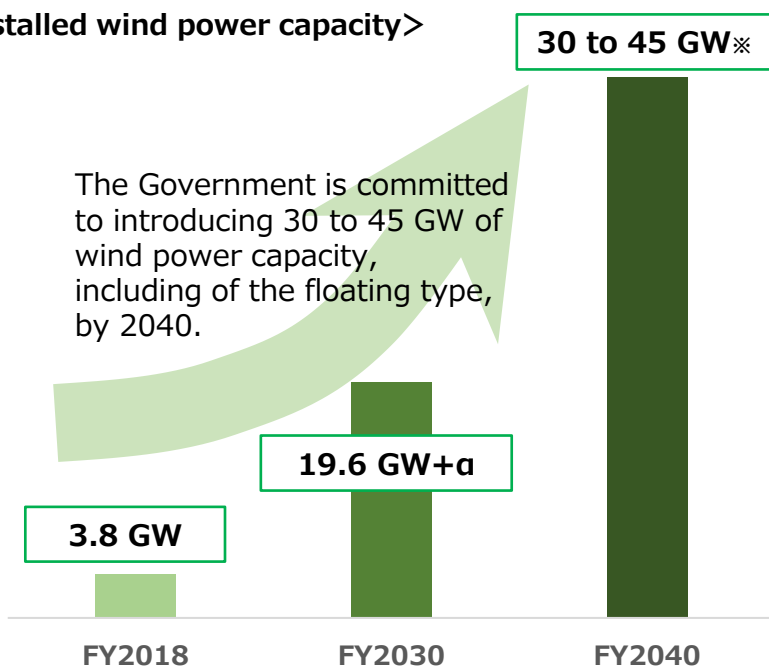
- ✓ Making Eco Power Co., Ltd., a pioneer in the wind power generation business (founded in 1997), a Group company in 2010.
- ✓ Achieving high on-wind availability (90% or more) through development, construction, operation, and maintenance within the Group.
- ✓ Reducing risks of changes in wind conditions in each region and securing stable profit by placing wind power plants across the nation.
- ✓ Aiming to expand the business in the long term by expanding sites on land and participating in an offshore wind farm project.

[Renewable energy business] Circumstances Surrounding the Wind Power Generation Business

- ✓ The Japanese government formulated a Green Growth Strategy towards Carbon Neutrality in 2050. Offshore wind power generation is defined as a main power source from renewable energy.
- ✓ The Green Growth Strategy is outlined as follows.
 - The government sets introduction targets of 30 to 45 gigawatts (GW) by 2040.
 - A government-led proactive project formation scheme (a Japanese version of the central method) is under consideration
 - Infrastructure development: Grid operation rules prioritizing renewable energy, grid construction linking locations suited to wind power generation and power demand locations and the construction of base ports
- ✓ Under the Sixth Strategic Energy Plan (draft) announced in July 2021, the target for the capacity of wind power generation facilities by 2030 increased substantially from 10 million kW to 19.6 million kW or more due to the additional introduction of renewable energy.

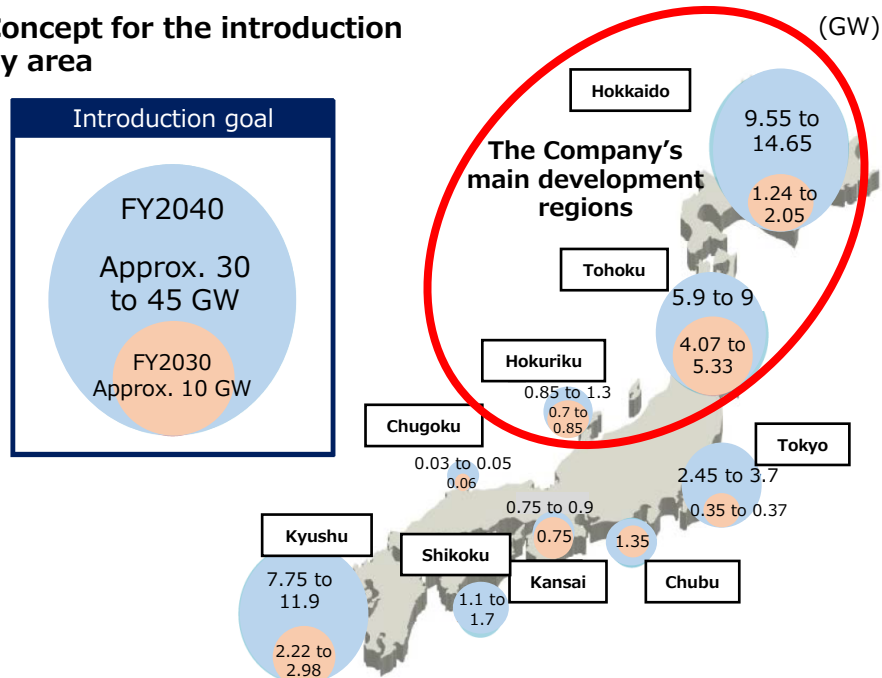
Concept for the Introduction of Offshore Wind Power Generation

<Installed wind power capacity>



* Target value for offshore wind power generation only

Concept for the introduction by area



* From the summary of the Vision for the Offshore Wind Power Industry (Primary) (draft)

Overview of Subordinated Loan(Announced on March 31,2020)

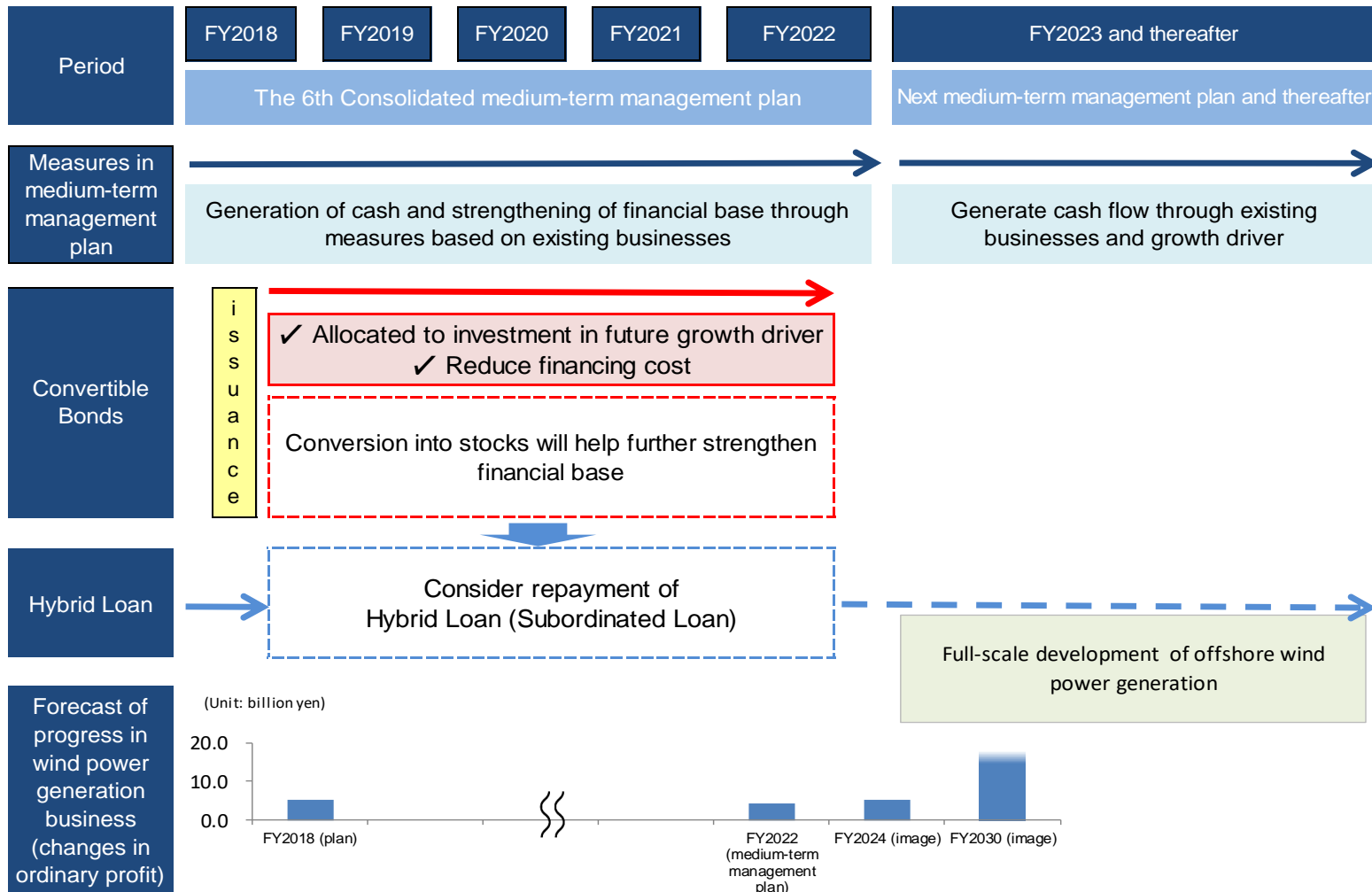
Item	Overview
Financing amount	¥30 billion
Loan agreement date	March 26, 2020
Drawdown date	March 31, 2020
Use of loan proceeds	Early repayment of an existing subordinated loan
Maturity date	March 31, 2053
Dates early repayment can be made	Any interest payment date on or after March 31, 2023
Replacement provisions	<ul style="list-style-type: none"> • In the event of early repayment, refinancing will be performed with a product with equity credit equivalent to or higher than the Subordinated Loan. • Provided, however, that the above refinancing may be postponed is the following conditions are satisfied. <ul style="list-style-type: none"> (i) If consolidated net worth increases by ¥30 billion or more from September 30, 2019 (ii) If the consolidated debt/equity ratio does not worsen from September 30, 2019
Interest rate	Variable interest rate based on 3-month Yen TIBOR + Spread
Interest rate step-up	-
Equity credit rating assigned by rating agency	Japan Credit Rating Agency, Limited: Medium / 50%.

Overview of Convertible Bonds due 2022 (being bonds with stock acquisition rights) (Announced on December 20,2018)

Item	Overview
Title	The ¥60,000,000,000 Zero Coupon Convertible Bonds due 2022 (being bonds with stock acquisition rights)
Total amount of bonds	¥60,000,000,000
Bond interest rate	Interest will not be attached to these bonds.
Date of payment and issuance	December 5,2018
Maturity date	December 5,2022
Benefits	<ol style="list-style-type: none"> 1 Financing cost can be reduced by issuing bonds without attaching interest (zero coupon). 2 The bonds will be offered primarily to investors in overseas markets, which, therefore, will contribute to the diversification of financing methods and can be expected to increase the flexibility of the company's future financing strategies. 3 A rider will be attached to promote the conversion into stocks, and converted stocks will contribute to further strengthening and improvement of the company's financial base in the future. 4 Since the conversion price will be set to exceed the bonds' market value, the bonds are expected to be converted into stocks mainly when shareholder value grows, such as a future increase in stock price, which will help control the dilution of per-share value resulting from the conversion.
Uses of funds	<ol style="list-style-type: none"> 1 Allocate approx. 11 billion yen by March 2021 as funds for investment and loans for a subsidiary in petrochemical business in order to increase competitiveness through means such as reduction of maintenance costs, and expansion of high-value-added products. 2 Allocate approx. 49 billion yen by March 2021 as funds for investment and loans for a subsidiary in the wind power generation business in order to construct onshore and offshore wind power plants.

Through financing by issuing convertible bonds, planning to further strengthen the company's financial base for the Next Medium-Term Management Plan and thereafter

- ✓ Secure funds for investment and loans to strengthen the “New” part of the growth driver, “Oil & New,” for the future.
- ✓ For the time being, increase capital by accumulating profit through the execution of the current medium-term management plan.



1. The conventional policy will not change for the cash balance for the entire period of medium-term management plan.
2. Therefore, the issuing of convertible bonds this time means a change in financing method within cash flow from financing activities.
3. The company does not intend to increase interest-bearing debt from the conventional plan.

Cash balance and use of funds (FY2018 - FY2022)

(Unit: billion yen)

(1) Cash flow from operating activities	535.0
(2) Cash flow from investing activities	-360.0
(3) Free cash flow (1) + (2)	175.0
(4) Cash flow from financing activities	-175.0
(Breakdown of cash flow from financing activities)	
Repayment of debts	-XXX.X
Borrowing	+XXX.X
Convertible bonds	+60.0
Dividends	-XX.X

✓ No change from medium-term management plan

✓ Of the investment made in FY2019 and FY2020, 60 billion yen financed through CB is allocated to petrochemicals and wind power generation businesses as a major change in the business portfolio.

Partial change

Outline of Stock Repurchase (Announced on May 12, 2022)

Item	Outline
Type of Shares to be Repurchased	Common stock
Total Number of Shares to be Repurchased	8,000,000 shares (maximum limit) (Ratio of the total number of issued and outstanding shares [excluding treasury stock]: 9.55%)
Aggregate Value of Repurchases	20 billion yen (maximum limit)
Repurchase Period	May 13, 2022 - November 30, 2022
Repurchase Method	Purchase by means of market trades on the Tokyo Stock Exchange (purchases by means of market trades based on a discretionary investment contract with securities firms)

Disclaimer

FORWARD-LOOKING STATEMENTS

Certain statements made and information contained herein constitute "forward-looking information" (within the meaning of applicable Japanese securities legislation). Such statements and information (together, "forward looking statements") relate to future events or the Company's future performance, business prospects or opportunities. Forward-looking statements include, but are not limited to, statements with respect to estimates of reserves and or resources, future production levels, future capital expenditures and their allocation to exploration and development activities, future drilling and other exploration and development activities, ultimate recovery of reserves or resources and dates by which certain areas will be explored, developed or reach expected operating capacity, that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

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